



Daily Report

East Asia

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Countries Sign Mekong Basin Development Plan

BK0604070595 Bangkok BANGKOK POST in English
6 Apr 95 pp 1, 3

[FBIS Transcribed Text] Chiang Rai—The four riparian countries of the lower Mekong basin signed an agreement yesterday to cooperate in the use of the river, amid protests from environmental groups.

The Agreement on Cooperation for the Sustainable Development of the Mekong River Basin demonstrates "our collective political will to work for a common future," said Prime Minister Chuan Likhai, who witnessed the signing.

"This joint undertaking, which shows our determination to harness the river's vast natural resources for mutual progress and prosperity, is a crucial investment for the long-term sustainable peace and stability of the region. We are, indeed, laying the strongest possible building blocks for lasting regional solidarity," Mr Chuan said.

By engaging in this joint natural resources development project, the four countries had gone beyond confidence building. "I would like to stress before you witnesses here today that we have ahead of us a historic task of realising the full potential of this cooperative project," he said.

But environmental groups warned that despite the agreement's frequent references to sustainable development, plans for a series of dams on the Mekong River would threaten the livelihood of many people in the region as well as forests and wildlife.

The US-based International Rivers Network said in a statement: "Despite the environmentally-friendly-sounding title, the agreement could hasten the impoverishment of the human communities and the destruction of the biological diversity of the Mekong River basin."

Thai environmental groups pointed out that "these dam projects will provide lucrative opportunities for firms of consultants, commercial logging interests, financial institutions, and the construction and dam industries."

The agreement accords freedom of navigation along the river regardless of national boundaries, and allows members to use its waters without having to seek approval from other members except during the dry season.

It sets up the Mekong River Commission as an institutional and legal framework to promote basin-wide studies and joint development projects in the lower Mekong River basin.

The agreement was signed by Foreign Minister Krasae Chanawong, Laotian Foreign Minister Somsavat Lengsavat, Cambodian Deputy Prime Minister Ing Kiet and Vietnamese Foreign Minister Nguyen Manh Cam.

The accord, supported by the United Nations Development Programme, comes after two years of negotiations among the four lower Mekong countries.

The commission consists of three permanent bodies: the policy-making Mekong Council at ministerial level; the Joint Committee, the primary body carrying out policies at head of department level and up; and the Secretariat, providing technical and administrative support to the commission.

Mr Cam said each country has its own national development plan and should elaborate on it to make a wider plan for the basin development.

"There is a clear need and the time is now right to accelerate the process of getting together to manage the huge potential of the water resources of an international river like the Mekong for the mutual benefit of our countries," said Mr Ing Kiet.

Mr Somsavat said past experience had confirmed that the development of the basin for hydropower, agriculture, irrigation, fisheries, navigation, tourism and other purposes could not be sustained and sustainable without giving priority to the protection of the river's environmental and ecological balance.

Signatories Compete To Host Secretariat

BK0604070795 Bangkok BANGKOK POST in English
6 Apr 95 p 2

[FBIS Transcribed Text] Chiang Rai—Will it be Bangkok, Chiang Rai, Ho Chi Minh City, Phnom Penh or Vientiane? The race to house the new Mekong Secretariat is heating up with the conclusion yesterday of the new Mekong agreement between Laos, Thailand, Cambodia and Vietnam.

Laotian Foreign Minister Somsavat Lengsavat insisted that Vientiane is most suitable since it is the capital of Laos and is located on the banks of the Mekong River.

"Whenever China and Burma join the Mekong River Commission, Vientiane will be the central point among the member countries of both the upper and lower basin," Mr Somsavat said at a press conference after the signing ceremony.

China and Burma, the two upstream countries, are expected to eventually join the "Cooperation for the Sustainable Development of the Mekong River Basin."

Cambodia meanwhile highlighted the unique location of its capital, Phnom Penh, at the junction of four rivers.

In his statement at the signing ceremony, Cambodian Deputy Prime Minister and Minister of Public Works and Transport Ing Kiet said Cambodia "is ready to welcome the installation of the new secretariat of the commission at Phnom Penh in the vicinity of the unique and prestigious four-arms junction."

He also said "in the wider context of regional cooperation, Cambodia is looking forward to becoming a full member of ASEAN. Cambodia, in the near future, will enjoy this new form of regional cooperation in which the Mekong River Commission could play a major role."

Both countries are competing against Vietnam's proposal for Ho Chi Minh City and Thailand's proposals for Bangkok or Chiang Rai.

Bangkok has played host to the interim Mekong committee which was officially replaced by the Mekong River Commission with yesterday's signing of the new agreement.

Foreign Minister Krasae Chanawong said Chiang Rai would also be a good location since it is located on the banks of the Mekong River.

Thailand To Propose 'Dispute Settlement Body'

*BK0704065795 Bangkok BANGKOK POST in English
7 Apr 95 p 17*

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Thailand will propose the establishment of an ASEAN dispute settlement body at an informal meeting of ASEAN economic ministers on April 25 in Phuket.

A Commerce Ministry source said the proposal had evolved from a dispute between Malaysia and Singapore over the Malaysian Government's decision to increase import tariffs on petrochemical products.

Singapore viewed the increase as a breach of the agreement between ASEAN members to lower tariffs within the ASEAN Free Trade Area [AFTA] to 0-5 percent by 2003.

The Singapore Government brought the petrochemical products case before the World Trade Organisation [WTO] where it lost. Exports of Singapore's petrochemical products to Malaysia dried up.

"This was the first case where ASEAN members had an economic dispute which could not be solved within the group and the case had to be brought before a multinational trade forum," the source said.

He said some ASEAN officials think ASEAN should have an in-house dispute settlement body to solve any disputes that may arise during the implementation of the AFTA agreement. As economic cooperation between ASEAN members expands, there are bound to be more disputes which must be addressed.

ASEAN now plans to include agricultural products in the tariff reduction programme and to increase cooperation between ASEAN members with regards to services and intellectual property rights.

If the proposal for an ASEAN dispute settlement body is endorsed at the meeting between ASEAN economic ministers, it will be another achievement for ASEAN economic cooperation.

If no in-house settlement mechanism is put into place, any disputes that arise would have to be resolved under the umbrella of the WTO. Under the WTO dispute settlement procedures, both sides must first try to negotiate a settlement to their dispute.

In another development, the source said Australia and New Zealand would not attend the upcoming informal meeting. The participation of China, South Korea and Japan at the Phuket meeting is pending confirmation.

Japan

* Makoto Sakuma Supports U.S. ACSA Pact

952B0143A Tokyo *THIS IS YOMIURI* in Japanese Apr 95 pp 68-69

[Article by Makoto Sakuma, former chairman, Joint Staff Council: "From the Defense Front Line; Partner in Name Only"]

[FBIS Translated Text] It is a long time since the words "equal partnership" began to be used as an expression of the fundamental ideal in the relations between Japan and the United States. In addition, people seem to accept the words without any sense of resistance in Japan. However, I cannot help being skeptical when it comes to the question of whether our country is fulfilling its responsibility worthy of the name of equal partnership as to concrete particulars. Many pending issues remain unresolved over a long period of time in the security field as well although the field is said to show very satisfactory results in this regard, compared with the political and economic domains.

At the 18th SSC [Security Subcommittee] (Japan-U.S. security consultative committee) meeting in May 1988, the U.S. side made a request that Japan and the United States conclude the ACSA (acquisition and cross-servicing agreement). This is designed to build a mutual assistance system regarding military logistics support between friendly nations. It is an agreement for providing onerous assistance such as the supply of goods, transportation, and a temporary use of facilities. This agreement was originally made among NATO countries in 1980, and later the United States concluded the agreement with a total of 17 countries, including the ROK, Australia, and Thailand. Japan does not have this kind of agreement, and so its Self-Defense Forces are placed in a position which is a far cry from partnership at the sites of the Japan-U.S. joint exercises, etc.

The Ground, Maritime, and Air Self-Defense Forces dispatch their units to the United States every year for joint training with the U.S. forces and missile-firing exercises. On these occasions, the logistics support which the respective Self-Defense Forces receive from the U.S. forces covers services in broad and diverse fields such as supplying, repairing, feeding, lodging, and transporting, and it is not too much to say that it would be impossible for the Self-Defense Forces to carry out exercises without these support measures. Most of these support measures provided by the U.S. forces are onerous ones in which Japan naturally has to pay back expenses incurred to the U.S. side. However, it is improper to see those support measures matter-of-factly, regarding them simply as businesslike routine job performances.

A few years ago, in RIMPAC (Rim of the Pacific exercises) participated in by the Maritime Self-Defense Force, a situation developed in which Japan's escort ship, which stopped at a port on the west coast of the

United States, faced an urgent need for repair. However, a U.S. naval field commander became aware that the repair would require a long time under normal U.S. naval procedures and that it would be a hindrance to the exercise. At his direction, the U.S. military worked night and day, and the Japanese unit could continue the subsequent training as scheduled.

Self-Defense Forces Unable To Provide Logistics Support

On the other hand, the Self-Defense Forces cannot provide logistics support as partners to the U.S. military units visiting Japan for Japan-U.S. joint exercises. Merely at the sites of joint exercises and under unavoidable circumstances only, they are authorized to provide an onerous supply of fuels to U.S. military vessels and aircraft on an emergency basis on the instructions of the Defense Agency's administrative vice minister. Therefore, U.S. Army units which have arrived in Japan for joint exercises have to move to training grounds aboard chartered civilian buses, casting a side glance at vehicles of the Ground Self-Defense units. In another instance, a U.S. naval vessel dropped into a base of the Maritime Self-Defense Force to avoid a typhoon, and although it was in need of a fuel supply, it could not make a purchase contract with the private sector and had to leave the port without loading fuel. The Air Self-Defense Force cannot but stand idle when a U.S. plane engaged in a joint exercise develops a shortage of parts on hand and becomes unable to fly.

The largest reason for the failure to realize the conclusion of the ACSA was the existence of a fundamental confrontation within the country over the Japan-U.S. security system in the cold war era. That is, under the past political environment in Japan, any attempt to improve laws and ordinances necessary for conclusion of the ACSA would invite an acute political confrontation, and so Japan was in a situation where the realization was doubtful. However, the domestic political situation has changed completely with the termination of the cold war, and under the present regime as well, it has become a fundamental policy to firmly maintain the Japan-U.S. security system. Efforts should be made expeditiously toward the early conclusion of the ACSA as a symbol of equal partnership in the Japan-U.S. security relations.

DPRK Conducts Short-Range Missile Test

OW0704041495 Tokyo *KYODO* in English 0406 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 *KYODO*—North Korea tested short-range antiship cruise missiles over the Sea of Japan, firing them from its eastern coast, March 30 or 31, Japanese Government sources said Friday.

Chief Cabinet Secretary Kozo Igarashi, after confirming that North Korea test-fired modified Chinese "Silkworm" missiles at the end of March, said he understands

the drills were "part of normal training." Igarashi made the remarks to reporters at the Prime Minister's Official Residence.

Defense Agency sources said North Korea conducted a similar missile-launching test after President Kim Il-song died last July, adding the latest firing must be one of several annual tests.

The Chinese "Silkworm" missile normally has a range of 95 kilometers, but the modified version can hit a target about 200 km away, military experts say.

ROK Worried About Tokyo-Pyongyang Talks

OW0604084595 Tokyo KYODO in English 0710 GMT 6 Apr 95

[FBIS Transcribed Text] Tokyo, April 6 KYODO—The head of the Korea-Japan Friendship Association on Thursday [6 April] expressed concern over Japan's recent talk of plans to resume negotiations with Pyongyang on establishing full diplomatic relations, officials said.

Kim Su-han, head of the South Korean amity group, called on Prime Minister Tomiichi Murayama to relay the association's concerns over the talks with archrival North Korea.

Representatives of the three parties in Japan's ruling coalition visited Pyongyang late last month and agreed to the unconditional resumption of negotiations aimed at normalizing Tokyo-Pyongyang ties as inter-Korean relations remain stalemated.

"North Korea has shown its real intentions to emphasize the continuation of the 1990 Tripartite Declaration and I think this will make negotiations difficult."

"As for (South) Korea, there was concern about the timing (of the dispatch of the delegation) from the beginning in relation to the light-water reactor issue," Kim said.

"The situation of not having state ties with North Korea for 50 years is not normal. Progress in the south-north dialogue is also important and in the future we want to maintain close contact with South Korea (over the talks)," Murayama said.

On Thursday, Pyongyang's Korean Central News Agency reported that North Korea plans to resume talks based upon the 1990 statement issued by the Workers Party of Korea, Japan's Liberal Democratic Party and the Social Democratic Party [Social Democratic Party of Japan].

The declaration called on Tokyo to compensate Pyongyang for Japan's 1910-1945 colonial rule over the Korean peninsula and for "postwar damages" which would go further than the 1965 basic treaty between Tokyo and Seoul.

Seoul has also expressed concern that Pyongyang may be trying to undermine the position of the United States, South Korea and Japan that North Korea must accept South Korean light-water nuclear reactors as part of a 1994 nuclear deal to provide the nation with modern nuclear power technology.

Kubo Interviewed on Relations With DPRK

SK0704003995 Seoul TONG-A ILBO in Korean 6 Apr 95 p 6

[Interview with Wataru Kubo, senior secretary of the Social Democratic Party of Japan, by reporter Pae In-chun in Tokyo on 5 April: "North Korea May Pursue Collective Leadership System, Secretary Kubo of the Social Democratic Party of Japan Comments After His Visit to Pyongyang"—first three paragraphs are Pae In-chun introduction]

[FBIS Translated Text] Wataru Kubo, 66, senior secretary of the Social Democratic Party of Japan [SDPJ]—the second party of Japan's coalition government—said that "I was under the impression that North Korea is now under a situation in which it should implement a collective leadership system."

In an interview by TONG-A ILBO reporter on 5 April, Chief Secretary Kubo said that "There are still many difficulties in the talks for normalization of relations between DPRK and Japan." Secretary Kubo, who personally met with North Korean President Kim Il-song five times in the past, visited Pyongyang from 28 to 30 March. He pointed out that "in view of its national interest, North Korea will avoid having decisive confrontations with members of the Korea Energy Development Organization and close its door to them."

The interview goes as follows:

[Pae] Has North Korea's attitude toward Japan changed from the time when negotiations for normalization of diplomatic relations between the two countries were suspended in November 1992?

[Kubo] North Korea attaches the greatest importance to DPRK-U.S. negotiations. It also has the idea that if Japan-DPRK relations are left deadlocked, it will not be in line with its national interest. I felt that this idea has prompted North Korea to expedite the resumption of negotiations. This is a different step from that in 1992. I was under the impression that North Korea is giving a greater priority to its relations with the United States and Japan than to North-South relations, and that the resumption of dialogue for the North-South summit which President Kim Il-song pushed for during his lifetime will be difficult.

[Pae] What is the real purpose of North Korea for hastening the resumption of negotiations with Japan?

[Kubo] When the Liberal Democratic Party [LDP] of Japan officially announced its plans to dispatch a delegation to North Korea, the party told me that North

Korea was strongly hoping for economic cooperation including assistance of rice, and the like. However, no one from the North Korean side mentioned about food shortage, economic cooperation, and so forth, while I stayed in Pyongyang. I think that North Korea's purpose for resuming negotiations with Japan is to keep the step with the changing international situation.

[Pae] Who did you think makes decisions in North Korea?

[Kubo] During the recent contact, the Asia-Pacific Peace Committee (chairman: Secretary Kim Yong-sun) represented the North Korean side and played the key role. I think this was Secretary Kim Chong-il's intention. However, the present North Korean system seemed different from the time when President Kim Il-song's remarks meant a final decision. Although Premier Kang Song-san and Chairman Kim Yong-sun said that the North Korean people are firmly united around Secretary Kim Chong-il and consolidating the system without wavering. I was under the impression that North Korea is now under a situation in which it should implement a collective leadership system.

[Pae] What is the prospect for Japan-DPRK negotiations for normalizing diplomatic relations?

[Kubo] Views between the two sides revealed marked differences. For example, Japan's LDP interprets the joint declaration between political parties in DPRK and Japan in 1990 as "a practically nullified declaration only remaining in history" while the North Korean side defines as "an important historic declaration which is still valid," thus the difference. Concerning the resumption of negotiations without any preconditions, the North Korean side interprets that it is not necessary to raise "the issues that are not directly related to the establishment of diplomatic relations," including the nuclear problem and the issue of Yi Un-hye (whom the Japanese side views as a Japanese woman who is believed to have been kidnapped to North Korea to teach Japanese to Kim Hyon-hui who blew up a Korean Airline airplane). On the contrary, however, the Japanese side interprets that Japan will speak about anything it wants to.

OECD Head Urges Rate, Policy Coordination

OW0704100395 Tokyo KYODO in English 0933 GMT
7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The head of the Organization for Economic Coordination and Development (OECD) urged the United States, Japan and Germany on Friday [7 April] to coordinate interest rates and other policies to stabilize the volatile global currency markets.

"What's needed is a coordination" among major countries whose currencies act as foreign reserve currencies,

Jean-Claude Paye told a news conference. Paye is currently on a visit to Japan seeking views of OECD members before a May meeting.

As an attempt to halt the turmoil that has seen the dollar plummet in apparent free fall to successive postwar lows against the yen, trying to "rebuild capital market controls would be destructive," the OECD secretary general said.

"It is very difficult to conceive of systems which would allow for control of the volatility of capital markets," said Paye, whose organization groups 25 of the world's biggest economies.

Instead, nations with internationally important currencies must seek "consistency and compatibility of national policies," facing the dilemma of meeting possibly conflicting domestic and international needs, he said.

Paye refused to assign blame for currency volatility when a questioner pointed to U.S. budget and trade deficits as the prime culprit.

"Capital markets are sanctioning, punishing with great violence, the previous errors in policies implemented by national authorities," Paye said.

But countries with reserve currencies have a special responsibility to have "absolute credibility" in their policies, he said.

As dollar-buying interventions by the Bank of Japan (BOJ), the U.S. Federal Reserve [Fed] and Germany's Bundesbank have failed to arrest the dollar's slide against the yen and the mark, calls have grown for the Fed to hike U.S. rates and for Germany and Japan to lower theirs in a joint effort to stabilize the currency market.

Currency dealers say the Fed is unlikely to hike rates just as the U.S. economy shows signs of slowing its previously heated growth. The Bundesbank cut two rates last week, but the market quickly interpreted the move as a domestic measure.

BOJ Governor Yasuo Matsushita has repeatedly spurned growing calls—even from within the Japanese Government—to cut the official discount rate, saying Friday that economic conditions have not changed enough to warrant a cut in the key rate.

Instead, to bolster Japan's fragile recovery and try to help the battered stock market, the Japanese central bank has led short-term market rates to record lows, with a key overnight money market rate falling below the discount rate for the first time ever.

MITI Promoting Yen as Asian 'Key Currency'

OW0704001495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Apr 95 Morning Edition p 1

[FBIS Translated Text] A concept for making the yen the "key currency" in Asia is now emerging within the

government. The Ministry of International Trade and Industry [MITI] has proposed this as a way of addressing the rising yen problem. Meanwhile, the Ministry of Finance has started to review the possibility of restructuring the financial market and deregulating the capital market in ways to make it easy for foreign governments and corporations to secure and use yen-based funds. MITI is trying to convince the Economic Planning Agency to include specific measures in the new economic plan due to be finalized by mid-June.

A key currency is a basic currency used for international settlements and financial transactions. At present, the dollar is used as the key currency worldwide.

MITI wants to build up the yen into the key currency in Asia, primarily to free Japan from exchange risks. At present, about 50 percent of Japan's exports to Asian countries are settled in yen. Since trade volume with Asian countries is growing fast, if yen-based settlements in trade with Asian countries grow further, the exchange risks for Japanese companies will be minimized even more due to the trend of the yen to become stronger as the dollar weakens.

MITI says one of the reasons for yen-based settlements not growing fast enough is the laggard internationalization of the yen market. As a way of coping with the declining dollar problem, Asian countries have begun to increase yen assets in their foreign currency reserves. But these countries complain that Japan's short-term financial market is not prepared for this and there are many problems with respect to both the procurement and use of the yen as compared with the dollar.

Specifically, the government is expected to study ways of expanding the short-term government securities (TB) [acronym as published] market and the government bills (FB) [acronym as published] market.

Government To Craft Emergency Economic Package

*OW0704120795 Tokyo KYODO in English 1154 GMT
7 Apr 95*

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The government will map out an emergency stimulus package possibly next week to check the yen's unabated ascent against the dollar, which threatens to shatter the budding economic recovery, government sources said Friday [7 April].

The package, the first of its kind to be formulated since February last year, will be very comprehensive, ranging from an earlier execution of a 10-year public investment program, an expanded program to rescue ailing smaller firms and tax incentives for continued income tax cuts and measures to revitalize the long-slumping stock market, said the sources.

The move is apparently intended to respond to rapidly growing calls from both political and business circles for

the government to take some action immediately to prevent a further erosion in business confidence among Japanese companies, many of which are struggling as the dollar is slipping far below break-even levels against the yen.

Over the past week, the foreign exchange market faced repeated record-breaking yen surges.

As a way to piece together various possible economic measures already under consideration, cabinet ministers in charge of economic affairs held an unscheduled meeting earlier in the day.

After the meeting, Chief Cabinet Secretary Kozo Igarashi told reporters, "we are going to continue discussions on a comprehensive package."

The government sources said the fresh package will be released possibly by the end of next week and will be presented to the current ordinary session of the Diet in mid-April as part of the first supplementary budget for fiscal 1995, which began this month.

Japan will offer the measures during a meeting between Finance Minister Masayoshi Takemura and his U.S. counterpart Robert Rubin, expected to take place in Indonesia on April 15, and at a meeting of top finance officials from the Group of Seven key industrial countries in Washington in late April, the sources said.

Takemura said, "both the government and the business community understand that further efforts to craft specific measures are needed to cope with the current situation."

Takemura said the package will contain "expectations" for a reduction in the Bank of Japan's key lending rate.

The finance minister recently released the ministry's short-term fiscal and monetary policy, indirectly calling on the BOJ to lower the official discount rate from an already all-time postwar low of 1.75 percent.

The central bank's failure to respond to the request is regarded as partly responsible for the latest yen surge.

As for fiscal steps, Takemura called for an effective use of three budgets—the second extra budget for fiscal 1994, the main budget for fiscal 1995 and the planned first extra budget for fiscal 1995—in efforts to mitigate negative effects from the strong yen.

The government sources said the package will feature an earlier-than-scheduled implementation of the government's 10-year public investment program from fiscal 1995 that totals 630 trillion yen.

In the starting year, 70 percent of projects earmarked for the year will be front-loaded into the first six months to address pressing needs, the sources said.

The sources said steps to overcome the protracted doldrums in the stock market will include a cut in tax on securities transactions.

International Trade and Industry Minister Ryutaro Hashimoto said the strong yen has put further downward pressure on stock prices and the situation might deal "a fatal blow" to Japan's overall industry.

The package is also expected to contain a set of measures to bail out small- and medium-sized companies, the group most severely hurt by the continuing yen rise, the sources said.

The sources said coordination is now under way between the Finance Ministry and the Ministry of International Trade and Industry (MITI) over such steps.

"With the latest round of yen rises, the prospect has become more uncertain for an economic recovery of small firms, which are just hanging on," Hashimoto said.

Possible measures in their behalf are an expanded lending framework and tax breaks for companies stepping up capital spending, and research and development, the sources said.

The government is considering moving up a decision on extending an income tax cut of around 2 trillion yen for next fiscal year, the sources said.

The government introduced a 5.5 trillion yen tax reduction for the current year—3.5 trillion yen for a multiple-year portion and 2 trillion yen for a temporary portion.

Whether or not the special portion will continue in the coming year is to be decided in the fall, depending on the extent of the economic recovery at that time.

A final coordination of views on the matter is going ahead in the government, said the sources.

Official Calls for Steps To Fight High Yen

OW0704090495 Tokyo KYODO in English 0828 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—Swift measures need to be taken to combat the yen's rapid appreciation against the dollar, Tsutomu Tanaka, vice minister at the Economic Planning Agency (EPA), said Friday [7 April].

"Timing is very important. We cannot afford to take our time," he said.

The dollar fell below 84 yen in afternoon trading in Tokyo the same day, down from the morning's 85 yen range.

Tanaka implied that the bank of Japan should cut the official discount rate to discourage a heavy flow of dollar sales against the yen, saying, "it is necessary to take adequate steps in line with the ever-changing circumstances."

He said the negative effects of the high yen are already being felt in the economy, with a fall in the stock market and no visible recovery in capital investment among small and midsize companies.

MITI To Draft Measures for Small Businesses

OW0704090795 Tokyo KYODO in English 0756 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The Ministry of International Trade and Industry (MITI) will expedite measures to help small and midsize businesses as part of its efforts to battle the effects of the soaring yen, a senior official said Friday [7 April].

MITI will seek to speed up the application of a new small business-aid law to around the time it takes effect next Friday from the usual two-month period, the ministry official said on condition of anonymity.

MITI minister Ryutaro Hashimoto earlier in the day called for a comprehensive yen-busting package and not piecemeal measures, but the senior official said the small-business step was simply expediting measures already set to take effect.

Under the MITI-drafted law, individuals with ideas for new businesses or technological developments can apply through their prefectural governments for such measures as tax and insurance breaks.

MITI will expedite its drafting of the guidelines for approving such requests and its laying of the groundwork for implementation with the prefectural governments, the official said.

BOJ's Matsushita Sees No Imminent Rate Cut

OW0704033395 Tokyo KYODO in English 0328 GMT 7 Apr 95

[FBIS Transcribed Text] Osaka, April 7 KYODO—The Bank of Japan (BOJ) is not ready to cut its official discount rate and will continue to watch the economic and financial effects of the soaring yen, central bank head Yasuo Matsushita said Friday.

"There have not been economic changes big enough to warrant moving the discount rate," the BOJ governor told a news conference during a trip to Osaka.

Instead, the central bank's move to lead short-term market rates to record lows is an "effective policy measure" to bolster the economy in the face of the yen's advance, he said.

But Matsushita acknowledged that the unabated drive by the yen has affected business psychology, saying the confidence of smaller nonmanufacturers in particular is improving more slowly than in previous economic recoveries.

He repeated his assessment that Japan's economy remains on a moderate recovery path but that the tempo has slowed as a result of the high yen and other factors.

Matsushita was speaking just as the yen surged again to postwar highs, knocking the dollar to 84.58 yen in Tokyo. Despite remaining on a recovery trend, the

economy could face the risk of a setback if current conditions persist, Matsushita said.

Calling foreign exchange rate moves "excessive," he said that to correct the recent market trend major nations will remain in close contact and take "appropriate" measures, including concerted market interventions.

Currency dealers say part of the yen's most recent push stems from market disappointment at the failure of this week's rare dollar-boosting interventions by the BOJ, the U.S. Federal Reserve and Germany's Bundesbank.

Matsushita said that even without cutting the discount rate, already at a record low 1.75 percent a year, "agile, flexible monetary response is possible" through the short-term market moves, where the BOJ's generous cash infusions sent the benchmark overnight rate below the discount rate this week for the first time ever.

He repeated that with Japan's financial liberalization, the link has weakened between the discount rate, traditionally the nation's floor lending rate, and other interest rates.

Referring to the bailout of two failed credit unions through the formation of a rescue bank, Matsushita said the BOJ would take needed steps for other such institutions if asked.

He said the proposed merger of the Bank of Tokyo and Mitsubishi bank into the world's biggest bank will be a "stimulus" to strengthen the management of other banks.

He also said the BOJ will watch the corporate reconstruction efforts of the nation's debt-strapped "Jusen" housing loan companies.

Further on Matsushita Statement

OW0704052595 Tokyo KYODO in English 0520 GMT
7 Apr 95

[FBIS Transcribed Text] Osaka, April 7 KYODO—Bank of Japan [BOJ] Governor Yasuo Matsushita denied Friday an immediate cut in the central bank's key rate despite the yen's "excessive" gains against the dollar.

"Economic conditions have not changed largely enough to move the official discount rate, Matsushita told an Osaka news conference.

Despite growing calls for cutting the key rate, currently at historic low of 1.75 percent per year, to arrest the yen's unabated surges, Matsushita said driving money market rates lower is an effective way to prop up the economy. "Such a tool is enough under the present circumstances," Matsushita said.

On current economic conditions, Matsushita said the pace of recovery has become much slower partly due to the yen's appreciation. "If the slower economic recovery continues, a risk toward setback will be in sight," Matsushita said, repeating his recent judgment.

Recent "excessive" foreign exchange moves have affected corporate confidence, especially among smaller nonmanufacturers. The dollar has plummeted to a string of postwar record lows, dropping below 85 yen for the first time Friday.

"Present moves in foreign exchange markets do not reflect appropriately major nations' economic fundamentals," Matsushita said, while declining comments on specific daily currency levels. Correcting excessive foreign exchange moves is a big challenge for currency authorities of major nations, Matsushita said.

The central bank will take appropriate measures in close contact with each nation's currency authorities, including concerted market intervention. It is necessary to continue carefully watching possible adverse effects on the economy of the present unfavorable fluctuations in the currency markets, he said.

Matsushita voiced doubts about the effectiveness of a change in the base rate, however, saying, "it was only in a time of regulated interest rates that the official discount rate had substantial and effective impact on market rates."

Without cutting the key rate, market interest rates are effectively on a downward trend after the central bank's decision to lead short-term rates massively lower last Friday, Matsushita said.

On monetary policy, Matsushita reiterated that the central bank will continue closely monitoring economic and financial conditions without any prediction.

Turning to a planned merger between Mitsubishi Bank and the Bank of Tokyo, Matsushita said the decision will encourage other financial institutions to strengthen their management. "It will be a stimulus to stronger management in the entire financial industry," Matsushita said.

Matsushita said, however, the merger will not necessarily accelerate similar moves by other banks. "A merger is one option but not only measure to enhance financial competitiveness...even a small bank can improve its business by offering unique services," he said.

Meanwhile, Matsushita downplayed concerns that the recent bailout of two failed credit unions might have directly affected other credit unions nationwide. "I have not heard of any massive withdrawal of deposits from credit unions due to the disposal (of the two credit unions)," Matsushita said.

Tokyo Kyowa Credit Association and Anzen Credit Bank, which effectively went bankrupt, due to poor management, were taken over by the publicly funded Tokyo Kyodou Bank.

The government-led rescue has prompted public criticism, partly because of the cozy relationship that existed between the former Tokyo Kyowa president and Finance Ministry mandarins. Matsushita said the new bank will prove that credit disorder can be avoided.

Yet, for other credit unions, with which the central bank has no direct business, Matsushita said it will take appropriate necessary actions, if requested, by keeping in closer contact with the supervising authorities.

Matsushita denied the possibility of legal liquidation for "Jusen" housing-loan companies saddled with big loans, such as that seen in the recent handling of nonbanks affiliated with three banks in western Japan.

"Since nonbanks and housing-loan companies are different in nature, the measure will not instantly apply to Jusens," Matsushita said. "We will watch developments of their (Jusens) ongoing efforts to reconstruct," he added.

Later in the day, business leaders in Osaka called upon Matsushita to cut the official discount rate with a view to erasing corporate concern over the economic outlook amid the yen's unabated surge against the dollar.

Tetsuro Kawakami, head of the Kansai Economic Federation, said at a gathering with Matsushita that the dollar's dive to the 83 yen level is a serious situation for industry.

"We would like to see the central bank take brave monetary steps, including a cut in the official discount rate," Kawakami said in calling on the government for a responsible economic stimulus package.

While ruling out an immediate key rate cut, Matsushita said the cut will depend on future economic developments.

"Depending on the economic situation, it may be necessary to take additional monetary measures, but we are presently still keeping a close watch on developments," Matsushita said.

The central bank will fully observe the effects of its guidance toward lower short-term rates on other market interest rates, he said, reiterating his recent stance on monetary policy.

Matsushita rejected criticism that the central bank's decision not to reduce the key rate has caused much more excessive moves on the foreign exchange and stock markets.

BOJ Comes 'Under Heavy Fire' From Cabinet

*OW0704032695 Tokyo KYODO in English 0320 GMT
7 Apr 95*

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The Bank of Japan (BOJ) came under heavy fire from cabinet ministers Friday for its monetary stance, including its defiance of calls for a cut in the official discount rate, government officials said.

The officials said the central bank's monetary policy focused discussions at a ministerial meeting held Friday

morning. BOJ Chief Yasuo Matsushita was absent from the session as he was visiting Osaka for consultations with business leaders.

Transport Minister Shizuka Kamei criticized the central bank policy, saying its monetary stance has not always been appropriate. He called for an early implementation of monetary measures to calm the yen's rise, they said.

Kamei's call was echoed by Home Affairs Minister Hiromu Nonaka, who expressed concern that criticism of the BOJ may develop into criticism of the coalition government of Prime Minister Tomiichi Murayama, the officials said.

They said International Trade and Industry Minister Ryutaro Hashimoto expressed doubt a cut of the key interest rate would be effective in halting the yen's appreciation.

Posts and Telecommunications Minister Shun Oide said a lower interest rate would deal a blow to pensioners and other people dependent on postal savings.

Finance Minister Masayoshi Takemura said the ministry is aware of the central bank's thinking and it trusts the bank's common sense, the officials said.

Hashimoto Seeks Yen-Curbing Package

*OW0704021695 Tokyo KYODO in English 0212 GMT
7 Apr 95*

[FBIS Transcribed Text] Tokyo, April 7 KYODO—Trade Minister Ryutaro Hashimoto called Friday for a supplementary budget to battle the high yen and slumping stock market to be submitted early next month.

The head of the Ministry of International Trade and Industry (MITI) told a regular news conference after a cabinet meeting he feels with "greater urgency" that the yen's unabated climb to repeated postwar highs is "extremely serious."

Hashimoto urged the nation's fiscal and monetary policy-makers to submit a supplement to the current fiscal 1995 budget after the early May "Golden Week" holidays that seeks to restrain the yen "not with separate measures in small doses but as a bold package."

In addition to fighting the high yen, the package should also try to help the ailing stock market by addressing such issues as Japan's securities transaction tax, he said.

As the dollar sank below 85 yen in Sydney and Tokyo morning deals, Hashimoto and other cabinet ministers met Prime Minister Tomiichi Murayama after a regular cabinet meeting to discuss Japan's response, but Hashimoto declined comment on their talks.

on reports indicating that Japan will shun the proposed East Asian Economic Caucus (EAEC), Hashimoto repeated that a regional trade ministers' meeting in Phuket, Thailand, starting April 30 is "absolutely not related to the EAEC."

The informal conference of Association of Southeast Asian Nations (ASEAN) ministers, to which Japan, China and South Korea have also been invited, is widely seen as setting the stage for the EAEC, a group proposed by Malaysian Prime Minister Mahathir Mohamed and staunchly opposed by the United States, which would be excluded.

Japan, caught in the middle, has said Hashimoto will not attend the Phuket meeting if Australia and New Zealand do not take part and has put the same condition on formal EAEC gatherings.

Hashimoto, stressing that the meeting is informal and host Thailand insists it is not EAEC-related, repeated that Japan has not decided whether to attend as the attendance of Australia and New Zealand are unknown.

But MITI Vice Minister Tomio Tsutsumi told reporters Thursday he thinks the two will not be invited and that Hashimoto will thus likely not attend, apparently giving credence to reports that Japan has essentially decided not to join the trade bloc.

Komura Predicts Dollar Rebound to Around 98 Yen

OW0704032295 Tokyo KYODO in English 0314 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—Japan's top economic planner predicted Friday the dollar will rebound to around 98 yen, saying this is the figure the government has in mind when considering economic countermeasures.

Masahiko Komura, director general of the Economic Planning Agency [EPA], made the forecast at a news conference after Friday's regular cabinet session.

"Our judgment is that the high yen will return to the level matching the economic fundamentals," he said, adding, "(the government) is working on relief measures for small enterprises with the 98 yen per dollar level in mind."

Komura declined to elaborate on the government measures but said they are designed to bring down the yen's value as well as to shake off the "high yen shock."

Observers said his remark suggested that the government will take concerted action, together with other monetary powers, to implement relief measures for small companies which have been dealt a severe blow by the strong yen.

Nikkeiren Chief on Dealing With High Yen

OW0604150895 Tokyo MAINICHI SHIMBUN in Japanese 6 Apr 95 Morning Edition p 9

[FBIS Translated Text] Takeshi Nagano, chairman of Nikkeiren [Japan Federation of Employers' Associations], discussed the recent appreciation of the yen at a news conference on 5 April. He said: "The exchange rate

of 85 yen to a dollar has a serious effect on many Japanese manufacturers. Yet, this has no basis in economic fundamentals. We hope that all possible steps, including lowering the official discount rate, will be taken." He thus expressed his concern about the economy, while also seeking timely measures from the government.

With regard to the Bank of Japan's monetary policy, Nagano said: "It cannot be denied that the opportune timing for lowering the official discount rate was lost. However, it will not be useless even if we do it now. We should do it, because this will clearly demonstrate the government's will (to deal with the yen's appreciation)." He strongly urged an early cut in the official discount rate.

As for how much the discount rate should be cut, Nagano said: "This should be the maximum within the limit of what is possible, if only to help Japanese industries." He indicated that a cut of as much as 0.75 percent should not be ruled out.

Concerning the dip in stock prices, Nagano asserted that, "Radical measures to expand domestic demand, such as transferring capital or policies rivaling the New Deal, should be formulated." Discussing the present economic conditions, Nagano stated that, "Recovery in the manufacturing industries is clearly being obstructed by the yen's appreciation. Deregulation and market liberalization should be implemented."

Toyota's Okuda: Low Dollar To 'Suffocate' Economy

OW0704103795 Tokyo KYODO in English 1005 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—A vice president of Toyota Motor Corp. has warned that the yen's climb beyond 85 yen to the dollar will suffocate the Japanese economy so much that it might result in a greater hollowing out of industry and "an unemployment rate comparable to those of the United States and European nations."

In an interview with KYODO NEWS SERVICE on Thursday [6 April] at Toyota's branch office in Tokyo, Hiroshi Okuda said, "if I may use a metaphor here, I felt as if the (tide) waters had reached our company's navel when the yen appreciated past the 200 yen mark to the dollar" several years ago.

"When the yen broke through the 100 yen line (last June), I felt as if the water had reached our company's neck and was threatening to drown us," he said.

"The level of 85 yen to the dollar means the water level has already submerged our nose, making it impossible to breathe," he said.

If the yen's climb is left uncontrolled, it will "vandalize the Japanese economy," he said.

Okuda gave the interview Thursday when the dollar dropped to a new global low of 85.11 yen. The dollar continued its slide Friday, hitting yet another global low of 83.65 yen in Tokyo trading.

"The Japanese are disheartened now, and don't have a clue as to how to respond, although we used to ride over" the fallout from the yen's climb in the past, every time it appreciated sharply, he said.

In order to weather the current hardship, he said, there are no alternatives to laying off a large number of workers and to sacrificing medium-size and smaller companies that have supplied parts to major exporters as subcontractors.

Okuda said that since large companies are already at the drowning stage, they have "no alternative to bailing out their burdens if they are to refloat."

He explained that these "burdens" refer to the Japanese business community's longtime practices of guaranteeing lifetime employment for workers and protecting medium-size and smaller firms.

"It is high time for the government to work out full-fledged employment measures based on the assumption" that Japan may suffer an "unemployment rate comparable to those of the United States and European nations," he said.

Japanese manufacturers "will have to accelerate their ongoing moves to shift their production facilities overseas even at the risk of exacerbating the hollowing-out trend," unless drastic remedial measures are taken, he said.

Questioned on what course of action the government should take, he said the most critically important steps would be the removal of regulations hampering imports of foreign products into Japan and the cutting of bureaucratic red tape, which puts excessive curbs on domestic business activities.

"Pushing the official discount rate higher or lower could have only a short-term effect," he said. "What is ultimately crucial is to push deregulation and reform of government administration."

"Various regulations have prevented the benefits of the yen's appreciation from being passed on to consumers, so the negative aspects of the yen's rise, such as the hampering of exports from Japan, have been spotlighted" in the eyes of the people, he said.

"When I look at the government's slow efforts to push deregulation, its failure to make progress and its vacillation on steps to cope with the yen's rise, I cannot help doubting whether government officials really feel a sense of crisis," he said.

"Their attitudes are very different from those of private-sector people whose jobs are now at stake" as a result of the yen's rise, he said.

Spending, Capital Investment Grow Steadily

OW0704014695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Apr 95 Morning Edition p 1

[By economic trends research group]

[FBIS Translated Text] Companies Making Semifinished Products Enjoy Booming Exports

The Japanese economy has been undergoing setbacks but this does not mean the foundation for economic recovery has collapsed. Although the growth rate for housing projects and public investment is low, consumer buying and investment in plant and equipment are moderately rising, and there is the possibility of change in industrial leadership roles.

Regarding consumer buying, there is growing demand for durable consumer goods, including cars and electric appliances. For 10 consecutive months up to March, the number of new cars sold in one month exceeded that of the same month of the previous year. Yoshifumi Tsuji, president of Nissan Motor Company, said: "Companies which promoted streamlining will be able to enjoy considerably increased earnings if domestic demand continues to recover. Sales of wide-screen televisions and household VCR's are also growing." Yukio Yamaya, director of the Daiichi Kangyo Bank General Research Institute, thinks that "demand for consumer goods to replace the ones which were purchased during the bubble period has broken out."

Reflecting the increase in shipping and sales of durable consumer goods, mining and manufacturing production is steadily growing and the seasonally adjusted production index for the four consecutive quarters since the January-March period of 1994 grew over the previous period. According to a production forecasting index, it seems likely that production will increase by 1.3 percent during the January-March period of this year.

Some companies are taking advantage of the strong yen. For example, procurement of parts from other countries is expanding. Personal computer makers are competing with each other to establish "procurement offices" throughout Asia. Through these offices in Taiwan and other countries they will buy standardized parts including hard disk drives. In the case of IBM compatible machines, as much as 90 percent of parts were purchased in other countries. The booming sales of personal computers is giving impetus to semiconductor industrial circles. Since computer makers improved their facilities for mass production of memory chips, it seems that for the first time in the past five years, the amount of investment in plant and equipment by the five major companies' for fiscal 1995 will exceed the previous fiscal year's 540 billion yen. According to a survey the Japan Development Bank conducted on 10 February, the overall investment during fiscal 1995 on plant and equipment will exceed that of the previous year by 0.3 percent. Although the amount of investment by service-oriented industries is 1.3 percent, the amount of investment by manufacturing industries will grow by 3.8

percent for the first time in the past four years. There is a possibility that companies may change their investment plans in the wake of the recent appreciation of the yen. However, Yoichi Okita, chief of the Economic Planning Agency's Research Bureau, said that "we can maintain growth in investment over the previous fiscal year."

Despite the strong yen, companies making semifinished products are enjoying booming exports. Electric appliance manufacturers and other companies are moving their production lines to Asian countries. Because of this, demands for semifinished products increased in these countries. Tokyo Steel Manufacturing Company plans to "make up for sluggish domestic demand by expanding its exports" (according to President Masanari Iketani). Due to growing demand in Asia, prices of some petrochemicals abroad are higher than domestic prices. Koji Hanakura, director of Shiwa Denko said this is a "reverse phenomenon of price differences between foreign and Japanese products" and that "companies can easily increase prices of petrochemicals."

The market price of styrene-monomer, which is a principle material needed to make cellular plastic, in East Asia is 20 percent higher than domestic price at the conversion rate of Y90 [yen] to the dollar. Mitsubishi Chemical Industries—which managed, for the first time in four years, to win in negotiations for a price hike at the end of last year—made an additional price increase this year.

Additional Measures Needed To Avoid Economic Slowdown

Demand created by quake rehabilitation programs and the trend of the strong yen and stock price will determine the future course of the Japanese economy, in which the negative effects of the strong yen and declining stock prices and economic recovery coexist.

According to YOMIURI SHIMBUN's estimate, by using a model of the Japanese economy, Japan can maintain a 2.1 percent real growth rate for gross domestic product (GDP) even if the average foreign exchange rate for fiscal 1995 is Y90 to the dollar and the Nikkei average stock price is Y16,000. However, the growth rate will be 1.7 percent if the dollar drops to Y85 and the average stock price falls to Y15,000.

Nomura Research Institute estimates that quake rehabilitation projects will cost Japan about 10 trillion yen, and that domestic demand generated by these projects will have the effect of boosting the GDP growth rate by 0.5-1 percent. However, the quake created serious damage and removal of rubble and other works are taking longer than expected. It seems unavoidable that full-scale demand, which was initially expected to get into its stride in the spring, will not be felt until later in the day.

As a measure to deal with rehabilitation projects and the strong yen, the government expressed its intention to

compile a supplementary budget for fiscal 1995 by June. However, it seems the supplementary budget will not have a major effect in stimulating the economy because the amount involved is expected to be slightly over one trillion yen. Contrary to expectations, investors were disappointed by the Bank of Japan's attempt to keep the short-term interest rate low. Because of this, stock prices in the Tokyo market dropped and the value of the yen against the dollar entered the 86 yen-level on overseas markets.

Akira Kiuchi, research department chief of the Long-Term Credit Bank of Japan, issued the following warning: "The yen will continue to be strong and stock will not stop sliding as long as the government is unable to devise measures to cope with the situation. I am afraid that the economy may slow down significantly." Yohiko Okumura, research director of Nomura Research Institute, insists: "It is indispensable to implement the fundamental plan for public investment, designed to spend a total of 630 trillion yen in the 10 years starting from fiscal 1995, ahead of a targeted date."

A declining capability to effect economic recovery is a reflection [hanei] of economic maturity. But, the United States—which has been haunted for more than a year since its economy hit bottom in the spring of 1991 by the fear that the economy may reach a second bottom—gradually made a strong economic recovery by successively easing financial regulations, and urging companies and American families to improve the figures on their balance sheets. Now that the situation is becoming increasingly unfavorable, it may be difficult for Japan to stem its economic decline unless the government gives companies continuous fiscal support.

Early Passage of Extra Budget Sought

OW0704094695 Tokyo KYODO in English 0838 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The three ruling coalition parties decided Friday [7 April] to seek early enactment of an extra budget designed to cope with the strong yen and promote reconstruction of earthquake damage in western Japan, party sources said.

The sources said the decision was reached at a meeting of representatives of the three parties—the Liberal Democratic Party, the Social Democratic Party [of Japan] and New Party Sakigake [Harbinger].

An LDP representative, however, told reporters that it is hard to find effective measures to check the yen's appreciation because it results from speculation and has nothing to do with economic fundamentals.

The main opposition Shinshinto (New Frontier Party) plans to take the government's inaction to task in the Diet before the nationwide local elections later this month, the sources said.

The sources said the ruling parties are studying the possibility of forming a new project team to tackle the strong yen and a stock market slump.

The ruling parties also plan to begin discussions on a comprehensive approach, including a revision of the securities transaction law as part of a wholesale tax reform set for fiscal 1996, the sources said.

They said discussions on ways to raise funds to cover a second supplementary budget for fiscal 1994 are likely to be put off until after the House of Councillors elections this summer because government officials fear the fiscal program will not be effective in propping up the domestic economy.

Government Drafts Law on Sarin Production

OW0704120895 Tokyo KYODO in English 1026 GMT 7 Apr 95

[FBIS Transcribed Text] Tokyo, April 7 KYODO—The government has drafted a bill to punish the production, import, possession or use in attacks of the deadly sarin nerve gas, according to the draft obtained Friday [7 April] by KYODO NEWS SERVICE.

The current law stipulates punishment only for gathering chemicals to produce and scatter sarin, the gas used in the March 20 terrorist attacks in the Tokyo subway, which killed 11 people and injured more than 5,000 people.

The government wants to pass the bill through the Diet on April 19 following cabinet approval April 18.

Under the new law, scattering sarin or other lethal chemicals would be punishable by imprisonment between two years and life, while production, import or possession of such chemicals would be subject to imprisonment of up to 10 years.

Only collecting ingredients for the purpose of making such chemicals and scattering them would be punishable with a prison term of up to five years.

In event of attacks using such killer materials, the law would require police officers to ban entry into dangerous places and to remove and dispose of the chemicals immediately.

The law concerns sarin and other chemicals that are as poisonous as sarin.

Poll: Support for Murayama Cabinet Rises

OW0604125195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Apr 95 Morning Edition p 2

[FBIS Translated Text] Support rates for the Murayama cabinet and the Social Democratic Party of Japan [SDPJ] showed upward movements, but the popularity of the New Frontier Party [Shinshinto] is dropping, according to a NIHON KEIZAI SHIMBUN poll conducted on 3 April.

In our previous poll conducted immediately after the Hanshin earthquake in January, the support rate for the Murayama cabinet was 36.8 percent, while the non-support rate was 38.0 percent. In the April poll, however, the support rate increased to 39.1 percent, and the non-support rate dropped to 36.4 percent.

After the previous poll, the Murayama cabinet succeeded in enacting the second supplementary budget for fiscal 1994, which includes a package of earthquake-relief measures, as well as the fiscal 1995 initial budget. The public's criticism of the Murayama cabinet's inadequate handling of quake relief policies eased little during the period, and the public is now hoping for government leadership due to growing concern over recent terrorist activities such as the sarin gas attack on the Tokyo subway and the shooting of the National Police Agency chief. However, the largest group of the non-supporters, or 62.1 percent, said they do not support the Murayama cabinet because of its "lack of leadership." In response to a question asking about the top priority issue with which the government must deal, 46.2 percent of the respondents said "remedies for the yen surge and the stagnant economy," while the government so far has no definite answers to those demands. In this sense, the Murayama cabinet is still in a difficult situation.

Another possible reason for the recovery of the cabinet support rate is the improvement in the internal situation of the SDPJ. The Hanshin earthquake became a great obstacle to moves of SDPJ separatists led by New Democratic League head Sadao Yamahana, and this settled the party's "internal friction" for the time being.

The favorable turn is clearly observed in the support rates for the SDPJ. The sum of those who support or favor the SDPJ reached 14.6 percent, up 5.0 percent from the previous survey. The support rate for the Harbinger Party also increased from 5.5 to 6.7 percent, while almost no change was observed in the support rate for the Liberal Democratic Party.

On the other hand, support for Shinshinto dropped to 14.3 percent, down 0.5 percentage-points from the previous survey. As the result, Shinshinto became the "No. 3 party" yielding to the SDPJ for the first time since its foundation in December 1994. It appears that the slump of Shinshinto was due to its failure to demonstrate its presence in Diet sessions.

For those respondents who chose the answers "do not support any party" or "do not want to answer, do not know," our questionnaire had an additional question asking what these respondents' most favorable party would be if they had to choose one. The party support rates were calculated by adding up responses to both questions. To screen out those who have "absolutely do not support any party," our survey tended to indicate that the rate for the "do not support any party" answer lower than other opinion polls.

The percentage of those who picked the "no party to support" answer declined from 19.3 to 15.5 percent.

This is probably because of the increase in the number of "passive supporters" as the nationwide local elections draw near. Still, about 30 percent of the respondents said they "do not support any party" to the first question—28.4 percent did so in the April survey, compared with 31.1 percent in January.

*** Murayama Seen at Political, Physical Limit**

952B0116A Tokyo SENTAKU in Japanese Feb 95 pp 52-54

[Unattributed article: "Prime Minister Murayama Has Reached His Limit; Earthquake Disaster, Too, Doesn't Help"]

[FBIS Translated Text] Political circles have run into a new situation regarding which they have absolutely no experience. How will the immeasurable shock of the Great Hanshin Earthquake disaster change the course of politics? One cannot divine it. One probably has to consider that the political situation became a blank sheet with the occurrence of the great earthquake disaster on 17 January as the boundary line. It is certain that the expression "earthquake-disaster truce" flew about Nagata-cho from immediately after the earthquake struck, but its meaning was completely different from that of the political truces which people had heretofore become accustomed to using. There were some Diet members who thought, in an easy-going manner, that they would give the highest priority to measures to deal with the earthquake, put off other political objectives for the time being, and return things to the way they had been after the emergency was settled to some degree, but most judged intuitively that: "there is no telling what will come along after the truce." What has now spread in political circles is a kind of feeling of exhaustion. Though is a natural disaster, in spite of the fact that the number of victims went on increasing rapidly, there was nothing that the government and political parties could do. A leader of the Liberal Democratic Party [LDP] was in low spirits, criticizing himself intensely, saying: "I that it was bound to happen. Large disasters are the very things which are major enemies with which politics must grapple with all its strength, but because there was no war, Japan was preoccupied with peace, and had forgotten about large disasters. It may have existed in some corner of our minds, but no preparations had been made. In short, it means that we politicians had not done the most important thing that we had to do before anything else. There is nothing as stupid and shameless as debating crisis management in the Diet after the disaster struck. We have nothing to retort if we are bitterly criticized by all the Japanese people, saying: "We have no further need for politicians." One comes to think of such things as political reform and realignment of the political landscape as all being trivial. Is it not ridiculous from the public's side?"

In Poor Physical Condition Since the End of Last Year

The LDP immediately adopted the measure of postponing its regular party convention which was set for 19

January, the day before convocation of the plenary Diet session, and later decided to hold it on 5 March. Its judgment appears to be that if about 50 days passed after the earthquake struck, the shock of the great earthquake disaster would diminish, and things would return to ordinary management of the political situation, but that view is optimistic.

But the unified local elections, for which voting will take place on 9 and 23 April, are approaching with every hour, so not only the LDP but all political parties must drum up enthusiasm by holding party conventions. It is a difficult situation.

Now the following three trends could be divined in the political situation from the beginning of the year up to 17 January. First, the general view on the question of the breakup of the Social Democratic Party of Japan [SDPJ] is that "it is already impossible to avoid the departure of New Democratic League [Shin Minshu Rengo] Chairman Sadao Yamahana and his associates from the party, and 24 members of the SDPJ (including 17 members of the lower house) will probably proceed to form a new party. Because of this, the political situation will become tense at one stroke, or even if it does not reach the poing of becoming tense, it will become fairly fluid, and will directly influence such things as the life span of the Murayama government, the condition of the election campaign and the timing of dissolution of the Diet. Neither Murayama and nor Secretary General Wataru Kubo any longer have the means to stop Yamahana's racing ahead without listening to others, so one can only think that the SDPJ has begun a process of full-fledged extinction." Public opinion unanimously criticized it as "Yamahana's reckless run," but it had no effect.

Second, there is the Murayama government's way of doing things, which is also entwined with the uproar over the breakup of the party, and within the LDP there has come to the fore the pessimistic view that: "Since the end of last year time and again Murayama was troubled by nervous diarrhea, and 'was exhausted.' He also vacillated in regard also to his visit to the United States at the beginning of the year, saying that he 'did not want to go.' It appears very much that limits in both physical strength and spirit have begun to be visible. It is not entirely unreasonable, because he did not anticipate being appointed prime minister, but it seems to us that he will become still more discouraged if the breakup of the party becomes a reality, so one must assume for the future that he will surrender governing power. It would probably be best to view the time around compilation of the budget for the next fiscal year as a preliminary limit," and it was possible to divine a division between them and the group which thoroughly supports Murayama in the perception of the political situation. Certainly, if the Yamahana group left the party the SDPJ would shrink to a 10-percent political party of something over 50 lower house members, and would no longer have the condition of a

governing party. There was also the possibility that the trend toward an early resignation would become stronger.

Third is the timing of dissolution of the lower house, the item of greatest concern. The aim of checking the Yamahana group was also added to the first and second trends, and from around the beginning of the year the information that "it will be rushed" spread all at once, and the view that "voting will be held on 23 April" after compilation of the budget grew stronger at one stroke. It is the same time as the second half of the unified local elections (elections for mayors, ward chiefs, municipal assemblies, and ward assemblies). It began to become the kind of atmosphere in which political circles completely lose confidence, and the leaders of every party made up their minds that: "after all, there will be no stopping it if it starts." It seemed that the mutually entangled political schedules of the breakup of the SDPJ, the early resignation of the Murayama government and casting votes on 23 April for the lower house election were likely to become firm.

At an informal meeting with reporters in Washington on 12 January Murayama naturally did not relax his firm posture on management of the political situation, saying: "I have not made any assumptions about the general election, I have not thought about it at all," and when he returned to Japan he flew to Sapporo and met with Hokkaido Governor Takahiro Yokomichi (14th) after which he met also with Finance Minister Masayoshi Takemura (15th).

They reached agreement on the policy line of "Let us organize broadly into a new liberal party." It was the final measure to put a brake on Yamahana's new party, and they held on to the very limit.

However, on the 16th, Yamahana and 30 upper and lower house members including Banri Kaieda of the New Democratic Club [minshu shinto kurabu] embarked upon forming a new parliamentary bloc, the "Democratic League- Democratic New Club [minshu rengo-minshu shinto kurabu]" (abbreviated "minshu"), and on the following day, the 17th, the 17 members of the SDPJ submitted notice to the executive that they were leaving the parliamentary group. A plan had been prepared for immediately submitting notice of leaving the party in the event they were rejected.

The large headline "SDPJ Breaks Up" danced at the top of the front page of the morning edition of every newspaper on the 17th. But around the time when this morning edition was delivered, the ground in the southern party of Hyogo Prefecture was rumbling. It was the kind of natural disaster which called "time out" on the breakup of the SDPJ, the timing of which was good, albeit accidental. The course of the political situation was shut off at that instant.

The Argument for Early Dissolution Receded in the Distance, But...

After 0900 on the 17th, in the Diet, Yamahana did submit notice of leaving the parliamentary group to the

executive as scheduled, but though he stated his determination, saying: "I will act as a pioneer for the entire party...", reporters paid no attention. The executive took the notice, and Chief Cabinet Secretary Kozo Igarashi rejected it, saying: "The earthquake is more important than talk about the party. This has priority," and LDP Secretary General Yoshiro Mori, too, said in an excited voice: "How can you talk about the SDPJ! It is an earthquake, an earthquake. The head of the governing party headquarters for earthquake countermeasures is (SDPJ Secretary General) Kubo..." Before 1500 there was word from Yamahana's office to the SDPJ Press Club to the effect that "Tomorrow's (the 18th) new parliamentary bloc inauguration ceremony and press conference are called off because of the earthquake. Furthermore, the notice of leaving the parliamentary group was not studied by the Central Committee, so notices of leaving the party will not be submitted any time today." By this the question of breakup was shelved once. In the evening LDP Policy Affairs Research Council Chairman Koichi Kato summarized the "great change of the 17th" by saying: "Discord in political circles looked very, very small before nature's power. The truce is natural. We should first consider human life and restoration." But discord was not the only thing that looked small. As time went on the existence of politics and politicians all gradually looked less and less significant. Now then, what kind of development will the above three trends take because of this unforeseen disaster? What leaked out of Nagata-cho by chance was the opinion: "Murayama is lucky. He got a new lease on life because of this." But is that true? If you calculate it by Nagatacho's time-honored method, you get the answer that the life of Murayama's government is extended.

First of all, the problem of breakup of the SDPJ was put off, and there is no target date for the breakup. Though it would be unpopular even if that were not the case, there is no telling what kind of adverse reaction the breakaway group would suffer if they again began to talk about leaving the party in the "earthquake-disaster political situation."

There also appeared the observation that "Having lost the chance to leave the party at a good time, they will probably end up rushing into the unified local elections," but having come this far, Yamahana and his associates cannot very well lay down their arms either. In February they will probably begin to act again, but in the "earthquake-disaster political situation" it will be something faded which is unworthy of the name of a new party. To that extent the damage to Murayama will be reduced. Furthermore, one cannot speak of a change of government or an early dissolution of the Diet in the midst of this crisis.

It is said that at an unofficial venue Home Affairs Minister Hiromu Nonaka stated that: "With this, voting on 23 April is out of the question." The unified local elections, the dates for which are already decided, cannot be avoided, but it is not an atmosphere for newly contending over such things as a general election.

Talk has intensified that as a first step the Murayama government will continue until the upper house election, with voting (scheduled) on 23 July. That talk is based on the premise that Murayama's physical condition will not deteriorate. At the beginning of his 20 January administrative policy speech Murayama expressed a desire to lead disaster countermeasures, saying: "Yesterday I, too, went to the actual scene, and felt at first hand the agony and sadness of the victims to a painful extent, and increased anew my determination to devote every effort to solving the anxiety of the residents." It can also be said that by chance the great disaster became a stroke of fate which props up the government.

But this time things are not that simple. One must judge that as day follows day the above mentioned intuition of an LDP leader that "it was bound to come" will begin to manifest itself in concrete form. Now it is still a matter of how to escape from the miserable condition of hell, so those at the disaster scene are in a daze, but as they recover their composure little by little, national anger at the impotence and negligence of politics will begin to erupt.

The Days Ahead Will be a "Bed of Thorns"

Murayama stands at the pinnacle of that politics. The role of the prime minister is to suffer being bathed in anger and deal with it. The opposition New Frontier Party began tenaciously probing "tardiness of initial action." There is no doubt that the government fumbled the ball by not having absolutely secure preparations for a great disaster.

There has appeared the sharp criticism that "it is expected that 1,000 people could have been saved if they had dealt with it promptly." As to whether governments before Murayama had absolutely secure preparations, as might be expected, they did not. But that excuse will not be accepted. The current prime minister has the destiny of having to take the entire responsibility.

Moreover, this time an SDPJ prime minister has become the object of criticism. At a 25 January press conference Secretary General Ichiro Ozawa of the New Frontier Party made the SDPJ a scapegoat, saying: "In Japan there is no system whatsoever for a crisis. Added to that institutional deficiency, the mindset of the SDPJ even now opposes even deploying the Self-Defense Forces in a disaster; it is a government which has that kind of predisposition, so the activities of the Self-Defense Forces end up being delayed."

Igarashi promptly rebutted it, saying: "it is groundless criticism," but it is an indisputable fact that until the great change in policy of just recently the SDPJ has looked upon the Self-Defense Forces as a danger, so the suspicion that this time also Murayama may have vacillated for a time concerning activities of the Self-Defense Forces cannot be removed also because of the progress of their initial action.

If that is so, Murayama's political responsibility is grave. This kind of argument on responsibility involving the large number of 5,000 fatalities, will continue for a long time in the future. It will be a bed of thorns for Murayama, and will naturally probably influence the endurance of the government.

The course of the "earthquake-disaster political situation" involves strict things which cannot be measured by the yardstick of the past. It comes to depend on the theme: "what is politics," which is far more severe than the fate of a single government. What is being rigorously questioned is not Murayama the individual, but the system of politics in its entirety and the nature of politicians.

The political situation in 1995 came to show a complicated aspect by adding completely new elements to political reform.

SDJ Aims To Take 500 Seats in Local Election

OW0704063695 Tokyo KYODO in English 0614 GMT
7 Apr 95

[FBIS Transcribed Text] Kagoshima, Japan, April 7 KYODO—The Social Democratic Party (SDP) [Social Democratic Party of Japan - SDPJ] aims to maintain its current 333 seats in prefectural assemblies in the first round of local elections Sunday, a top SDP official said Friday.

"The number of successful SDP-backed candidates should not fall short of that of previous elections," SDP Secretary General Wataru Kubo told a press conference in this southern Japan city. "Including those recommended by the SDP, 500 is a target," Kubo said.

The SDP, headed by Prime Minister Tomiichi Murayama, has 384 candidates running on the party's ticket in prefectural assembly elections and recommends 141 others.

Kubo said the results of the local elections will not have a direct effect on the Murayama government but he acknowledged they will have a significant impact on House of Councillors elections in July.

"The results of the upper house elections themselves will have a serious impact on national politics and the (next) general elections (for the House of Representatives)," Kubo said.

On other topics, Kubo said he does not mind if the Diet does not adopt a proposed resolution to denounce war before Murayama's visit to China on May 2-6. "The resolution is of diplomatic importance, but it is a domestic matter," Kubo said.

The SDP and its two partners in the ruling coalition, the Liberal Democratic Party and New Party Sakigake, have agreed to work on such a resolution, but remain at odds over what to say.

The SDP has called for apologizing to Asian nations for Japan's wartime atrocities in the resolution, but a group of conservative lawmakers in the LDP and some opposition legislators have opposed it.

* Political Power Plays Reported

952B0139A Tokyo SEIKAI in Japanese Apr 95 pp 12-13

[FBIS Translated Text] Former Prime Minister Noboru Takeshita, who had continued to exercise influence even after leaving the post of prime minister, has finally "fallen" from his "position as a respected leader" (Liberal Democratic Party [LDP] official). Events which made the fall from power decisive included the movements reflected in the restructuring of the special corporations and circumstances following the establishment of the Tokyo Joint Bank in response to the insolvency of the Tokyo Kyowa and Anzen Credit Associations.

The coalition ruling parties and bureaucrats of Kasumigaseki were engaged in an intensely desperate struggle just before 10 February which was considered one of the milestones in handling the restructuring of special corporations.

Initially, the government had planned to dispose of the issue with makeshift measures by merely privatizing the salt monopoly and consolidating the Asian Economic Research Center and the Japan External Trade Organization (JETRO), but decided to launch extensive restructurings because of views expressed by some coalition ruling party sources out of awareness of criticism from the New Frontier Party [NFP]. However, it was not an easy task to devise a plan which both the ruling parties and the bureaucrats could agree on, within the limited time available.

It was at that point that LDP sources boldly proposed the concept of consolidating the Japan Development Bank and the Export-Import Bank of Japan. Both banks are powerhouses among special corporations and are symbolic existences. To the Ministry of Finance [MOF], which is a bureaucracy among bureaucracies, those banks served as strategic post-retirement sources of employment and any move to restructure them was tantamount to an encroachment of sacred territory. Therefore, the ministry engaged itself in a zealous counteroffensive. And, it was former Prime Minister Takeshita who was selected to serve to spearhead the opposition. The ministry devised a plan to 1) consolidate the Japan Development Bank and the Hokkaido-Tohoku Development Corporation and 2) integrate the People's Finance Corporation, Small Business Finance Corporation, and the Environmental Sanitation Business Financing Corporation, and secured the approval of Takeshita.

The ministry then visited former Prime Minister Miyazawa and obtained Miyazawa's approval based on Takeshita's approval. Several years ago, approvals issued by Takeshita and Miyazawa represented overall

approval of any proposal. However, times had changed. Although Takeshita had issued his approval, such approval no longer represented overall approval and "An effort will be made to reach a decision by the end of March" (Prime Minister Murayama).

It is said that such circumstances led to several surprises within the LDP. One surprise was associated with Takeshita's excessive optimism and gradual decline in influence. Specifically, even if the MOF and Takeshita were to come to an agreement, "The minister of finance in charge of staffing the plan would be Masayoshi Takemura, who is highly disliked and held in suspicion by the LDP. According to one analysis, "we could not help but resign ourselves to the position that our ideas would not be readily approved" (LDP official). One other surprise was that as Takeshita and Miyazawa's influence declined rapidly, there has been a sharp rise in the influence of LDP executives such as Secretary General Yoshiro Mori and Policy Research Committee Chairman Koichi Kato. Export-Import Bank of Japan Director General Hiroshi Yasuda, who is recognized by himself and others as being affiliated with the Seiwakai, was turned away at the front door by Secretary General Mori when he appeared to testify at a climactic stage of the deliberations on restructuring. Similarly, when MOF Budget Bureau Director General Kyosuke Shinozawa appeared to testify, Policy Research Committee Chairman Kato made no attempt to meet him, saying, "I am already aware of what you wish to say."

The LDP and MOF were previously considered as one and the same, but the fact that the MOF had been snubbed by the LDP and that the LDP had cut deeply into the MOF relative to the restructuring issue are considered signs that relationships between the two have reached a stage of "maturity" (same LDP official).

At one time, it was thought that once the MOF and Takeshita combined to form a position, it was impossible to overcome their united front, but now that Takeshita and Minister of Finance Takemura have "combined forces and stumbled" (same LDP official) on the establishment of the Tokyo Joint Bank, there is a rapidly spreading feeling in Nagata-cho that the MOF and Takeshita duo is no longer effective.

Behind-the-Scenes Activities Surrounding Kajiyama's Schemes To Restructure the Cabinet

Former LDP Secretary General Seiroku Kajiyama, who has refrained from noticeable activities, "is currently pushing a powerful superhuman strategy, far behind the scenes" (LDP source). The strategy consists of "pulling the non-mainstream factions such as Tsutomu Hata from the NFP and expanding the LDP forces to structure a stable government" (same LDP source).

Possibly as a means to demonstrate that his strategy is progressing steadily, in the middle of February, Kajiyama bragged, "Some members of the NFP will join the LDP," proclaiming an early victory.

Kajiyama is thinking of executing a spring restructuring of the cabinet as a means to execute the strategy. "The plan calls for a second Murayama cabinet with Murayama remaining in office as long as possible and offering cabinet posts to individuals resigning from the NFP and the Yamahana group" (LDP official).

As a means of assuring the smooth implementation of the plan, Kajiyama and his associates have been visiting the prime minister's residence on a daily basis to cheer up Prime Minister Murayama who has had a tendency to be depressed ever since the Osaka-Kobe earthquake. The reason is that "if Murayama quits, there are no other attractive replacement candidates" (same LDP official).

Reportedly, Chief Cabinet Secretary Kozo Igarashi "is bereft of political qualities and even Shigeru Ito would not be acceptable" (same LDP official), while "it appears Murayama himself actually believes he would like to quit, but we would like for him to stay no matter the situation" (same LDP official).

Ozawa Plots for Leadership by Ryutaro Hashimoto and Others

While the LDP's superhuman strategy progresses, NFP Secretary General Ichiro Ozawa has been devising his own secret plan. Possible candidates include "former Foreign Minister Michio Watanabe and Minister of International Trade and Industry Ryutaro Hashimoto" (NFP source). The plan calls for the establishment of a new government when each of the two individuals resigns the LDP with 20 or more individuals in tow to join the NFP or to coordinate its actions with the NFP. The scenario calls for "formation of a government, centered on actions such as appointment of Watanabe as prime minister and Hashimoto as deputy prime minister with the potential of becoming the next prime minister" (same NFP source).

Rumors concerning this scenario are already circulating in the LDP, calling for an intensified cautionary stance. Of special note is that "talk of being cautious about Hashimoto" has intensified ever since the issue of restructuring the special corporations had become a political issue.

Such talk has been inspired by the fact that Hashimoto alone has said, "Each party has a role to play and we should debate the issue as one concerning fiscal investment and loan procedures rather than from the position of government agencies," amidst a situation in which the LDP executive department and the MOF had assumed a heated confrontation.

In this respect, the same can be said of Watanabe. Thus, the possibility has increased that Watanabe will play the role of a go-between in teaming Hashimoto and Ozawa and building a force that opposes the LDP-Social Democratic Party of Japan alliance. It appears that we will soon witness the appearance of the complex and mysterious phenomenon of the political world where the enemy of an enemy becomes an ally.

*** Power Struggle in Finance Ministry Outlined**

952B0140A Tokyo SEIKAI in Japanese Apr 95 pp 14-15

[Unattributed article: "The Gloomy Mood and Future of the Finance Ministry Where a Power Struggle Has Begun To Spread"]

[FBIS Translated Text] The Ministry of Finance [MOF] is experiencing the severest shock ever over the issue of integrating and reorganizing special corporations, but a voice is being heard that "We will be all right; as the proverb says, the calms comes after a storm" (a leading ministry official). Behind such a voice are the continuing fluctuations in the power structure and conspicuous frictions within the ministry resulting from a drastic change of the political world in the past one or two years.

What worried the ministry's middle management officials was first the discord between Finance Minister Masayoshi Takemura and Budget Bureau Director Kyo-suke Shinozawa. In addition, there was a confrontation over policies between Jiro Saito, administrative vice minister for finance, and Tadashi Ogawa, Tax Bureau director; and a struggle for leadership between Banking Bureau Director Yoshimasa Nishimura and the bureau's Councilor Atsushi Nagano also drew outsiders' attention.

The reason for the confrontation between Finance Minister Takemura and Budget Bureau Director Shinozawa was Mr. Shinozawa's wide acquaintance. He has long maintained strong relations, particularly with leading members of the Liberal Democratic Party [LDP] over budget compilations, and he had the inclination to "somehow settle things through talks with the three LDP executives, ignoring Mr. Takemura" (a leader of Saki-gake [Harbinger]).

Accordingly, Mr. Takemura, too, "has somewhat kept his distance from Mr. Shinozawa" since his inauguration as finance minister (the same source). This became evident when the fiscal 1995 budget was compiled. In the summer of 1994, it was estimated that the gap between revenue and expenditures for fiscal 1995 would top 7 trillion yen.

To cope with the gap, the Budget Bureau members including Mr. Shinozawa shelved the measure to accumulate the National Debt Consolidation Fund, increased borrowing in advance from the Foreign Exchange Fund Special Account, and took various other steps. They filled up the gap amounting to 7 trillion yen by "drawing money from various secret pockets here and there" (a leading Finance Ministry official) and thus secured the budget scale as large as that of the preceding fiscal year. Mr. Shinozawa and his followers, for their part, judged that it was unfavorable to reduce the budget scale as much as 7 trillion yen at a stroke under a situation where the business recovery was not quite perceptible.

In contrast, Mr. Takemura criticized leading ministry officials, saying that "such a method is not proper,"

partly from his position as the representative of Sakigake ablaze with strong desire for administrative reform. The brunt of the criticism was undoubtedly directed at Mr. Shinozawa, who was the field supervisor in the compilation of the budget, and these awkward feelings between them have remained unremoved since the end of last year.

The confrontational setup between Administrative Vice Minister Saito and Tax Bureau Director Ogawa relates to tax system reform. When former Prime Minister Takeshita served as finance minister, Mr. Ogawa was his secretary, and so it is evident that he is strongly tilted toward Takeshita. In contrast, Mr. Saito is a person who parted from the former LDP force and worked with one heart and mind with New Frontier Party Secretary General Ichiro Ozawa, though only for a while.

Such being the case, Mr. Saito is more likely to get involved in the confrontational setup one way or another, and he clearly showed a different position concerning measures to actualize tax system reform. With regard to the national welfare tax plan under the Hosokawa regime, Mr. Saito and his followers handled things all alone, and Mr. Ogawa was left out in the cold. As to the way tax system reform should be implemented after fiscal 1995, Mr. Saito also caused unceasing frictions with Mr. Ogawa, while making a monolithic, joint move with Secretariat Director Komura.

Concerning relations between Banking Bureau Director Nishimura and Councilor Nagano, Mr. Nagano displayed his "great capacity," thanks partly to his past service as Mr. Takeshita's secretary when Mr. Takeshita was prime minister. In contrast, Mr. Nishimura looked plain because of his prudent working style, thereby giving rise to a voice saying that "it is hard to see which one is senior" (a city bank's leading member). In addition, the establishment of the Tokyo Kyodo Bank "was evidently promoted on the initiative of Councilor Nagano through the involvement of Mr. Takeshita" (the same source), and so some even tended to call them Director Nagano and Councilor Nishimura in ridicule.

It is the issue of integrating and reorganizing special corporations that has blown away all these confrontations. When a nation is attacked by a foreign country, domestic disputes come to an end because its people become united. Likewise, all different positions within the ministry have been unified in the twinkling of an eye," according to a source (a leading ministry official). "It has become evident that Mr. Takemura is unreliable and that the LDP's executive body is clearly launching 'MOF-smashing operations'" (the same source). Therefore, according to the source, the ministry has unified different positions and reached a consensus as to pursuing organizational protection. The ministry, however, has one worry. It is that "we no longer have a really influential person like Mr. Takeshita in the past and Mr. Ozawa" (the same source). Such being the case, though the ministry has unified its different positions, it appears

to have taken upon itself a new problem—the problem of "being unable to write a scenario for the next deployment" (the same source).

* Ken Moroi Addresses Management Reform

952B0123A Kyoto VOICE in Japanese Mar 95 pp 38-47

[Interview with Ken Moroi, chairman of Chichibu Onoda Cement Corp. and vice chairman of Nikkeiren, by Shinji Takeda, TBS economic reporter: "Bureaucrats Cannot Handle Japan"; passages in italics are source-supplied comments]

[FBIS Translated Text] *In 1995, the Japanese economy experienced the catastrophic Osaka-Kobe earthquake, the worst in the postwar period. Normally, "disasters generate purchasing power" because disasters create reconstruction demand, but this being an urban disaster and a major earthquake of the Osaka-Kobe district comprising a key materiel distribution center, the prevailing view is that the quake will deal a serious near-term blow on the Japanese economy which has entered a moderate recovery phase. Evidence of this assessment is that in the stock markets, selling by foreign investors has inspired panic selling and the reappearance of the fear that the renewed drop in stock prices will cause a collapse of the financial system.*

Even without the earthquake-related problems, excessive concern over the reactions of the bubble, sharp recovery in the U.S. economy and corporations, and the high-paced growth in Asian economies has created the undesirable loss of confidence in the Japanese economy and Japanese corporations.

This article covers an interview with Ken Moroi, deputy chairman of Nikkeiren [Japan Federation of Employers' Associations] and chairman of Chichibu Onoda Cement Corp., who is known as a spokesman for industry, to seek his views on the future of the Japanese economy and the status of corporate executives.

Consumers Do Not Desire Strong Growth

[Takeda] The government's official view is that the economy is in a gradual recovery phase, but how do you view the current economic conditions?

[Moroi] The Economic Planning Agency is saying it appears we hit bottom in October 1993. I am of a somewhat similar view.

However, we have already passed the one-year point from that time. During past economic cycles, once we hit bottom, the turnaround and rise in the economy took place relatively quickly, but we do not get that feeling this time around. Rather, if we were to take a somewhat pessimistic view, it appears that we have been bumping along at the bottom for more than a year.

I think we need to examine exactly why this is the case and why the economic recovery pattern differs from the past.

[Takeda] Speaking of "why," one of the differences with past economic recovery phases is that there is an absence of capital investments.

[Moroi] Patterns for past economic recoveries showed that as the demand for commodities rose, a quantitative shortage occurred, factory operating rates rose, and the need surfaced for additional capital investments.

However, even if the demand for commodities rises, such demand can be covered to a degree by imports from overseas areas. This means that even in the case of Japan, we are undergoing the hollowing of industry at home and the relocation of production centers to overseas areas. It is a case where corporations can realize more profits by manufacturing overseas and importing to Japan. Even during the extreme hot weather of last summer, I believe considerable quantities of electrical appliances were brought in from overseas plants to be sold here. It's a case where manufacturing and distribution patterns have changed.

[Takeda] Are we speaking of the strong yen and industrial hollowing?

[Moroi] Yes. I would say that that situation represents a major change from the past.

Another phenomenon of the past was that, once demand rose, it rose to higher levels than in the past. Even during somewhat slow periods, the concept was that additional growth would take the shape of a rise to higher levels and the need for additional capital outlays once an increase in demand started. However, in recent times, corporate managers have been overtaken by the fear that any rise in demand is a temporary phenomenon and that demand could soon turn down again. That is a reason why capital investments are made overseas. It appears that in reality very little capital investments are being made in Japan itself.

[Takeda] That means that Japanese manufacturers are not making domestic capital investments, which, in turn, means very slow growth in employment. Does this mean that corporate executives feel that consumption will not grow significantly because of an absence of growth in employment?

[Moroi] I would say that consumption is growing considerably. A look at consumer psychology indicates consumers feel that we are in a recession and it appears for sure that corporations are having a hard time because of losses, but we are not facing major cuts in salaries nor are we being released from our jobs. On the other hand, prices have come down considerably, there is no need to be pretentious such as was the case during the bubble and no one is going to look down on us if we wear clothing that is low-priced as long as it appears presentable in our own eyes. Also, we can patronize bars and restaurants that charge low prices, a practice which is in keeping with the times. Doing so allows us to keep our living expenses to a minimum.

Further, we are now enjoying more leisure time and no longer face repeated production quotas and overtime. We can avoid awkward situations by shunning foolish extravagance and the purchase of expensive homes. Recessions are not necessarily bad. I feel that this description is consistent with current consumer psychology.

Employment Issue Is a Matter of Interpretation

[Takeda] The decline in the productivity of the Japanese manufacturing sector is mentioned as one reason for the decline in confidence about the Japanese economy. It appears to be a case of pessimism that there is no hope of a sharp recovery similar to that of the United States.

[Moroi] If we were to speak in terms of the quality of factory labor, we are still absolutely strong in a physical sense. For example, if we speak of productivity in a physical sense like tons of cement per individual plant worker or the man-hour input required to produce one refrigerator, Japan is strong in an absolute sense.

However, the labor cost per unit of production has gone up considerably because of the annual pay increases and the strong yen. The issue is the nominal labor costs under current foreign exchange rates, and I am not saying this because I belong to the Nikkeiren, but there is a need to take another hard look at wage increases. Unless we revise the practice of uniformly implementing annual wage increases, regardless of changes in productivity, we it will be cutting our own throats.

Even in terms of foreign exchange rates, we must endeavor to avoid an increase in trade surpluses because rapid increases in trade imbalances will inevitably create a strong yen. Allowing trade imbalances to persist is, again, a case of cutting one's own throat.

The real problem area is the white collar sector where I believe productivity has always been low. Such low productivity involves Japanese-style management as well as Japanese social practices. As an example, seniority systems and lifetime employment systems are both clearly understood by most people as causes of inefficiency when applied to the white collar area. However, such systems had their advantages in terms of maintaining intracompany peace and order, enhancing morale, or ensuring the smooth functioning of corporate management centered on management positions.

Additionally, considerable waste arose in materiel distribution systems because of involvement with keiretsu transactions. We should take bold action to correct such practices, and I believe everyone is in the process of doing so. White collar productivity should recover in time. However, manufacturing where productivity cannot be improved will probably be transferred overseas.

[Takeda] It is easy to say we will absorb laid-off employees by creating new industries, in response to the

deteriorating employment issue emanating from industrial hollowing and restructuring, but....

[Moroi] Yes, I would agree. However, I feel we are, in reality, proceeding in that direction.

Major corporations are currently effecting major cut-backs in new hires owing to restructuring. They seem to be reflecting the idea of hiring only those workers that are needed for the near term and when they run short of labor to either out-source or hire additional workers during the year.

While taking on new employees, they are effecting mandatory retirement strictly according to rules. This means an inevitable reduction in personnel. The trend leads to a decline in employment opportunities for new graduates. The result is that personnel who used to be hired by major corporations are now taking jobs with a wider range of companies such as local firms, small and medium businesses, or new firms.

I believe that creation of new employment does not necessarily have to be restricted to multimedia and biotechnology. Jobs can be created as long as there is an availability of low-cost, superior skills. I believe that Japanese have that degree of resourcefulness.

Accordingly, I do not believe we will ultimately reach the stage where adequate employment is no longer available. We can create a variety of new services. The availability of low-priced new services translates into a more affluent lifestyle for consumers. I would think that we could visualize and promote such a scenario.

Let's Create a Venture Market

[Takeda] At one time there was talk of the employment market getting worse. They spoke of an unemployment rate going from 3 percent to close to 4 percent, and then to 5 percent. Can we assume that such fears have been eliminated?

[Moroi] Current Japanese employment rates reflect the fact that a considerable number of nonessential personnel are retained on corporate payrolls. Unemployment rates of 4 or 5 percent are probably normal for the average industrialized nation. It will probably be impossible to hold the rate to the 3-percent level in the future. As lifetime employment becomes a thing of the past, we should not view 4- or 5-percent unemployment rates as being terrible.

If we speak in this manner, a charge may be made that "management executives are outrageous," but that is not necessarily the case, and employees may become more mobile. We are speaking of employees acquiring a sense of mobility in terms of thinking the company he works for now is not bad, but there may be other places of employment where he could earn higher pay or where he could make better use of his skills. This will become a case where competent people become mobile. Chances

are lifetime employment will become a situation in which incompetent employees cling to a company.

Therefore, as long as unemployment insurance and social security systems are sound, I feel the employment situation will not deteriorate into a serious social issue, but we will not be able to avoid some degree of gaps and time lags.

[Takeda] A difference in the current situation compared to past economic recovery phases is the existence of financial issues. We face the issues of nonperforming loans as a residual problem of the bubble and the vagaries of the stock markets.

[Moroi] It will take time to completely eliminate the nonperforming loan problem. After all, if Japanese banks refuse to make loans, we can go to foreign sources. I would say that existing firms of our nature will not face problems.

Rather, the problem rests with capital markets. If a venture firm were to make an attempt to launch itself at this time, the foremost problem it will probably face will concern financing. Needless to say, if they go to a bank, they'll probably be rejected if they have no land or no collateral. Or, they may be told to furnish a guarantor.

Under those circumstances, they'll probably seek help from some major corporation and operate with its assistance. The absence of the capability of major corporations to analyze new businesses causes situations in which individual corporations—such as cement companies in our case—view venture subsidiaries with a very limited industry perspective.

In the case of the United States, venture businesses are able to sell equity at the concept stage. In Japan, listing on the over-the-counter market takes a number of years after a venture is conceptualized. It takes an average of 15 years from the date of establishment to list a company. After 15 years, a company is a mature firm. (laugh)

In Japan, existing banks and major corporations control capital. Such a system is not susceptible to the creation of venture businesses. I was once asked how we should translate venture capital in Japanese. My response was that we should refer to it as venture capital, venture markets, and venture equities. (laugh)

Since we are speaking of a venture, there is major risk. However, if we hit it right, we can multiply our investment as much as several hundredfold. We need to acquire a clear-cut understanding of such concepts.

End to Developmentalism

[Takeda] Assessments of the U.S. economy and corporations are high in contrast to the pessimism surrounding the Japanese economy.

[Moroi] Basic principles in the United States involve a free economy and market principles. Needless to say, the current age has seen the introduction of a variety of

regulations such as product liability laws and welfare policies. However, basic to the country is a free economy and market principles.

Japan has never adopted a free economy nor market principle system. Japan is a completely bureaucracy-led country. Such a system worked well in Japan in the past. The high-growth period was a period of so-called developmentalism. Bureaucratic-led systems were efficient during the period of developmentalism.

Needless to say, it was not a case where the elements of a free economy were completely absent; we had competition and market principles were functional, but the overall system was designed by bureaucrats and everyone worked efficiently within such a framework. The reason why bureaucrats were able to aptly design such systems is that sound models were available from other industrialized nations. Then, we also enjoyed a consensus among the public to put forth an effort to catch up and surpass other industrialized nations. That being the case, it was easy for bureaucrats to govern the economy.

However, in the future, there will be no applicable precedents. Japan has joined the ranks of other advanced industrialized nations.

[Takeda] I guess we can assume that developmentalism is no longer applicable.

[Moroi] Yes, that is the case.

Concepts are diverse. There is a lack of consensus. Some people say high growth is good, while others say we should avoid high growth. There are people who say the environment is of foremost importance and others with a variety of ideas. Japan has not established a system for formulating consensus. Politics in Japan is limited to a struggle for government control.

Accordingly, we are at a stage where the future cannot be governed by bureaucrats. We have no precedents nor consensus. The future calls for a free economy and market principles, wherein the private-sector engages in active competition, creativity, and new pursuits. Such efforts give birth to new ideas and renewed growth. If regulations are imposed on such a situation, progress is completely destroyed.

The significance of deregulation lies in such circumstances. The birth of a new future economy will require the complete enforcement of market principles. Needless to say, if a problem occurs, we should deal with it. As an example, if privacy encroachments become a problem with multimedia, we should regulate such aspects. It would be outrageous for the respective ministries and agencies to compete in an effort to impose regulations at a stage where multimedia is still in a developmental stage.

[Takeda] Views concerning deregulation in the private sector have reached a uniform stage, but we see no action in this respect....

[Moroi] The response to the statement is simple. Government depends on regulations for its existence. (laugh)

[Takeda] Does deregulation become a case of self-denial for bureaucrats?

[Moroi] Yes. The same applies to the reform of Japanese-style management. Essentially, that spells self-denial for us. Political reform is also the same and translates into self-denial for politicians.

Accordingly, deregulation cannot be accomplished until government accepts self-denial. However, government will not accept self-denial so easily. This is because they have some officials who achieved success with regulations as well as precedents where they can demonstrate success. They think they sit on top of the world. At any rate, there are such considerations.

Government is very slow at the process of self-denial. The only feasible approach is for action by politicians. But to make politicians act, it will take pressure from the public. If 60-70 percent of the public states that unless changes are made, Japan has no future, then politicians will have no choice but to act.

Three New Sacred Tools

[Takeda] We have only six years left in the 20th century. What sort of economy will Japan have six years from now?

[Moroi] We have now come to an impasse relative to the pattern of the past which brought highly efficient mass production and high growth based on trade in fabricated products. It is very clear that we must make changes to our current systems.

The future calls for the deployment of a new Japanese economy based on technical developments centered around new requirements and new technology. The lack of natural resources is a problem that we still face. I believe there are a countless number of ideas that can be developed. Human resources and capital will gravitate towards such endeavors.

Then, there is overseas deployment. We should not treat industrial hollowing in purely negative terms, but consider it to be a process of globalization. We should proceed vigorously with overseas deployment and with restructuring wherever there is a need to do so. Even if we consider Japanese systems which were successful in the 20th century to have lost applicability, we can now build Japanese systems which will be valid in the 21st century.

Accordingly, the end of this century is truly a time to prepare for the next century. If we succeed in going through this stage, the 21st century will prove to be a "good age, an age of hope." Moreover, I feel that Japan will prove itself very useful to the world, that Japan will take shape so as to be considered very important to the peace and prosperity of humanity as a whole.

[Takeda] Should we expect that Japanese-style management such as lifetime employment and wages based on seniority will have been abolished to a considerable degree at that stage?

[Moroi] I believe that such systems will fall by the wayside.

As an example, there is no way a company can survive if it has 1,500 journeymen workers, 1,000 department and division chiefs, and 100 directors. Further, lifetime employment and seniority systems cannot survive. If we abolish seniority systems only, there's the risk that only incompetents will remain as lifetime employees.

I believe the future reform will call for "three sacred tools" in the way of specialization, a non-pyramid organization, and the principle of competency. Those tools will be combined with the effective elements of Japanese-style management. As an example, I feel that management composed of blue collar workers can provide for a superior team. Such a system is universal because it is superior and it is no longer unique to Japan because it is universal.

I believe any new system will be a universal management system which is applicable on a global basis.

Now that a half century of the postwar period has passed, Japanese economic and social systems face the need for reform. In the words of Ken Moroi, chairman of Chichibu Onoda Cement Corp., the end of the catchup-type economy and developmentalism signals a reform of a scope, breadth, and depth incomparable with any of the past several industrial restructurings.

Major issues remain outstanding such as the globalization of corporate operations; the limitations of Japanese-style management such as lifetime employment, wages based on seniority, and intracompany unions; and review of resource allocation between the public and private sectors.

Chairman Moroi, who is an industrial spokesman equal to Jiro Ushio, chairman of Ushio Inc. who has been informally designated as the next executive secretary of the Keizai Doyukai [Japan Association of Corporate Executives], has suggested "self-denial" as a perspective for this reform period. Further, as a quality required of future management executives, he called for the ability to reconcile the interests of society and corporations. His views are of an academic nature, but probably reflect elements required in time of major change.

We were unable to tape this particular aspect during the interview, but Chairman Moroi insisted that the role of politicians was to confirm the views of 60 to 70 percent of the public and to translate them into actions. Currently, political leaders have become lame ducks on a global basis. That is evidence that government capabilities have sharply declined at a time when they are most needed in connection with the changing world situation, but that

situation also can be interpreted as a time when preparations are being made for politics of the next stage.

* Deficiencies in Crisis Management Viewed

* Weak Political Role Criticized

952B0120A Tokyo ASAHI SHIMBUN in Japanese 5
Feb 95 p 2

[Article by editorial staff writer Takeshige Kunimasa, first installment in a series of articles on Japan's Crisis Management: "Once on Shore, Pray No More"]

[FBIS Translated Text] "I feel that key information from the government ministries and agencies does not reach Prime Minister Murayama and Chief Cabinet Secretary Igarashi."

Those are the words of someone who has watched successive prime ministers working at the Prime Minister's Official Residence when he spoke to this reporter in mid-December 1994. My impression was that perhaps it indicated the wariness of the bureaucrats toward Murayama who is also chairman of the Social Democratic Party of Japan [SDPJ]. However, the matter was more serious. The delay of the initial response by the government concerning the Great Hanshin Earthquake not only exposed the "distance" between civilian life and the central government agencies, but also the alarming "distance" between the official residence and the agencies.

Confusion During the Gulf War

Former Prime Minister Tsutomu Hata reflected as follows on the timidity of politics as if musing on his own position as the highest responsible person in politics (31 January). "For more than 40 years, crisis management as the most important function of the state has been bereft of debate. During the recent major earthquake also, Murayama has been unable to cope properly. This is unfortunately the present status of Japanese politics."

Meanwhile, Chairman Kabun Muto of the Liberal Democratic Party [LDP] pointed out in Sapporo on 30 January: "We must recognize frankly that there was a problem in the early stages (in the government's response)."

At present, there is a loud suprapartisan demand for the establishment of crisis management. It is a fact, however, that in the past the problem has been pushed aside as "once on shore, pray no more." For example, during the Gulf crisis and war of 1990 arising from the invasion of Kuwait by the Iraqi army, Japan was strongly urged by the United States to contribute, including the dispatch of Self-Defense Forces [SDF] troops. The then Toshiki Kaifu cabinet was totally confused in its response.

(The then) LDP Secretary General Ichiro Ozawa demanded: "What is the status of the government's crisis

management? When we asked the prime minister's residence, absolutely no explanation could be obtained concerning the situation. It should respond appropriately to the emergency."

Prime Minister Kaifu: "The government is doing its best."

Ozawa: "The prime minister should decide whether to proceed (send the SDF) from the standpoint of international cooperation, or to merely pay out money and remain a peculiar nation that does nothing. I do not think we should become an orphan in the international society. If my thinking is unacceptable, I will resign as secretary general."

Prime minister: "I see. I understand."

As this exchange suggests, time was consumed in solidifying views within the administration. Although the Kaifu cabinet decided to offer \$13 billion in funds, the delayed decision failed utterly to be appreciated by the U.S. side. The manner of response was discussed at the time as Japan's lack of crisis management capability. Although it differed qualitatively from the recent problem of disaster response, there has been no subsequent proof that crisis management has been concretely dealt with.

Prime Minister's "Face" Is Invisible

What this reporter realized when on assignment was the question of where the "real power" of the administration lay amid the absence of leadership at the official residence. Today, even regarding the Murayama coalition administration, the prime minister's "face" is invisible.

Former Deputy Prime Minister Masaharu Gotoda, who gained experience in coping with emergency situations as chief cabinet secretary in the Nakasone cabinet during the shooting incident of the Korean Air Lines plane by the Soviet Union and the problem of dispatching SDF troops to the Persian Gulf during the Iran-Iraq war, has continuously stressed the importance of crisis management.

Gotoda has warned as follows: "What would you do if a vertical-type earthquake with a magnitude of 8 occurred in Tokyo and a high percentage of government functions became paralyzed? (passage omitted) The final judgment is up to the prime minister himself. However, if accurate information on which the decision is premised is not fed swiftly to the official residence, on what basis can he make a decision?" ("Government and Bureaucracy," July 1994).

Only six months later, Gotoda's premonition became a reality.

Discord Rampant in Politics

Amid the double-tiered power structure of Japan's politics and the confusion over political restructuring that has continued since "Tanaka's rule," only the numbers

game and the struggle over vested rights in Nagata-cho are prominent. Meanwhile, "government" for the people appears to have been shoved into a corner. The point of origin in politics is safeguarding a stable civilian life and ensuring the security of the state. Crisis management which covers both aspects has become an inevitable task in politics.

* Ideal of 'Mutual Help' Backed

952B0120B Tokyo ASAHI SHIMBUN in Japanese 6
Feb 95 p 2

[Article by editorial staff writer Tohru Hayano; second installment in a series of articles on Japan's crisis management: "Spirit of Mutual Help"]

[FBIS Translated Text] On learning about the Great Hanshin Earthquake on TV, the nearby residents carried relief supplies and headed toward the stricken areas ahead of the Self-Defense Forces [SDF]. People who lost their homes and family members lived in shelters, comforting each other.

Tea was shipped from Sri Lanka, tents from Jordan, and blankets and hand gloves from Mongolia. While wondering "what to send to affluent Japan," nations much poorer than Japan are offering aid. The gloves from Mongolia are probably very warm. The Japanese have never before felt the warmth of mutual help so deeply.

Late Moves by the Official Residence

The rescue effort on this occasion by the Prime Minister's Official Residence was definitely slow. Prime Minister Murayama learned about the earthquake on TV. Deputy Chief Cabinet Secretary Nobuo Ishihara inquired about the dispatch of SDF troops because he thought: "There are no SDF troops shown on TV."

Chief Cabinet Secretary Kozo Igarashi phoned Hokkaido Governor Takahiro Yokomichi to ask him to send a five-page paper by fax on the experience of the Okushiri Island earthquake, and he learned about the supplies necessary during a natural disaster, including powdered milk for children and hygienic supplies for women. The accumulation of crisis information was clearly lacking in Nagata-cho.

What should strengthened crisis management consist of? The first discussion brought up the question of the responsibility of the Social Democratic Party of Japan [SDPJ]. Secretary General Ichiro Ozawa of Shinseito [Japan Renewal Party] was critical. "The administration was slow to act due to its habit of consistently opposing the use of the SDF in coping with disasters that involve public safety." A Shinseito Diet member questioned the SDPJ's position that "treats the SDF like a stepchild," and urged the strengthening of emergency legislation.

Cases of crisis management are largely divided into wars and natural disasters. Prime Minister Murayama replied

to an interpellation that, "in the past, emergency legislation was debated with China and the Soviet Union as our hypothetical enemies," and he declared that emergency legislation is "unnecessary" today. To be sure, understanding of the crisis management debate during the Liberal Democratic Party [LDP] administrations had centered on war and public security, with natural disasters subordinated.

Improved Legislation for Natural Disasters

At the core of the crisis management concept is strong emergency administrative authority. Former Prime Minister Yasuhiro Nakasone contended on 2 February that he established a permanent "emergency management headquarters" directly under the prime minister, constantly conducted map maneuvers, "considered giving comprehensive authority to the prime minister, and created basic laws to be evoked in times of emergencies."

However, this possibly infringes on the constitutional system itself. One high government official is skeptical when he says: "Giving the prime minister emergency powers is similar to the prewar supreme command authority. It means a shift from a parliamentary cabinet system to a presidential system." Former Deputy Prime Minister Masaharu Gotoda, who took command of evacuation during the volcanic eruption of Mount Mihara, states: "It is hasty to say that a revision of the emergency law is necessary. It is important to consider how to effectively utilize present legislation."

With the Great Hanshin Earthquake as a turning point, specifically what kind of crisis management system should be established? It is imperative to strengthen the informational function. Something must be done with the vertical style of government. The authority of the local governments must also be strengthened. Just as the supermarkets responded swiftly, the spirit of government service must be thorough. The SDF can also be fully utilized. However, the important starting point is to strengthen the concept of crisis management, first clarify natural disasters (as well as nuclear power generation accidents) as the objective and not confuse it with a response to war.

From the Standpoint of Historical Awareness

Kropotkin, the Russian revolutionary, propounded anarchism, saying that the human society is built on "mutual help," such as was seen in the recent earthquake, and that the state is unnecessary. However, Sakae Osugi and Yae Ito, a couple who introduced this theory to Japan, were killed by the Kempeitai [military police] which considered them to be dangerous to the state amid the confusion of the Great Kanto Earthquake. It was one aspect of crisis management at the time.

Seiji Tsutsumi, chairman of the Saison Corp., spoke at a symposium on 3 February, as follows: "A large number of Koreans were killed during the Great Kanto Earthquake, and Osugi and Ito were also killed. This time, the

Koreans in Japan and the Japanese are helping each other. We should debate what kind of crisis management system should be formed, based on a historical awareness."

I would like to consider a crisis management system from the standpoint of the state and based on a spirit of "mutual help" which spreads from the neighboring areas of the quake to the entire world.

*** Agency Coordination Seen Lacking**

952B0120C Tokyo ASAHI SHIMBUN in Japanese 7 Feb 95 p 2

[Article by editorial staff writer Choji Hayafusa; third installment in a series of articles on Japan's crisis management: "Limitations to Vertical-Style Government"]

[FBIS Translated Text] The government's response to the Great Hanshin Earthquake was extremely slow. Aside from the local agencies whose functions were physically paralyzed, why did the central government's emergency measures take one and a half days after the quake to be firmed up?

There is criticism from some of the political circles, the economic circles and the mass media that the "Kasumigaseki-style system of vertical administration has limitations." The bureaucrats remained silent at the outset. However, as rescue support and reconstruction got on track, they began a counterattack saying that "although there is room for self-reflection, it is shortsighted to say that the present system cannot cope with emergency situations" (a Construction Ministry official).

Shortcoming in Information-Gathering

Looking at the restoration of roads and railroads, one cannot believe that the vertical-style system is such an impediment. However, concerning the all-important gathering of information during an emergency, the recent ineptitude of the Kasumigaseki agencies has been exposed, and their measures have undeniably created a major factor for delay. Moreover, the fiasco may be attributed not only to the slow moves by the officials in charge at the agencies, but also to a shortcoming in the information-gathering system itself.

Kasumigaseki's information-gathering system on natural disasters is numerically impressive. At least the National Police Agency, the Fire Defense Agency, the National Land Agency, the Ministry of Construction, the Ministry of Transport, and the Defense Agency all have their respective systems. The problem is that these systems are dispersed and none are linked horizontally. It seems natural for the crucial information collected by the agencies to be transmitted immediately to the Prime Minister's Official Residence. Actually, however, such a system is nonexistent, and there is virtually no case of instant transmission.

Kept Under Wraps by Each Agency

Chief Secretary Yoji Okei of the Economic Planning Agency, who once served as the prime minister's private secretary in the Kaifu cabinet, says: "The official residence is devoid of information. The information gathered by the agencies including those on natural disasters is kept under wraps by each agency. When the official residence requests data on events it has seen on TV, documents stamped "top secret" are often received.

What is the reason for this? "It is because the agencies believe that 'information represents power' and if highly important information is made public, it would be helping out other agencies with the possibility of losing out in competition. They are adhering to a closed system" (an official of the Management and Coordination Agency).

The habit of vertical-style agencies keeping a cover on their use of authority appeared to have weakened their disaster-coping measures. Former Defense Agency administrative Vice Minister Seiki Nishihiro testifies as follows: "The basic laws on disaster measures should have concentrated authority in the prime minister in the drafting stage. However, due to opposition by the agencies and the political parties that 'a powerful prime minister is unacceptable,' antidisaster measures became the responsibility of the National Land Agency. Moreover, the authority was rendered toothless in that the National Land Agency was prevented from giving orders to other agencies concerning action. It is therefore impossible for the government agencies to unite in emergency situations."

If the government seriously contemplates improving the crisis management system, the administrative reform of the special corporations now in progress must be followed by administrative reform of "Kasumigaseki" itself. The reason is that integrated government information cannot be realized merely by linking disaster information circuits from one or two agencies to the prime minister's residence.

Drastic Improvement Through Integration and Abolition

President Yoshio Suzuki of the Asahi Research Center, who has been involved in administrative reform for a long time, proposes the following concrete measure to establish an efficient crisis management system.

"The crux is a drastic improvement of the information-gathering system. However, as long as the aggrandized interagency competition continues, it is impossible. Realistically, the only way is to reduce the number of agencies through integration and abolition, and to eliminate unnecessary competition."

However, contrary to such a proposal, agencies taking advantage of the quake are beginning to regain authority. For example, the Ministry of Finance stresses the importance of policy finance and seeks continuation of the

Japan Development Bank, while the Ministry of Construction balks at "privatizing the management of the Hanshin Expressway Public Corp. which is in charge of a huge restoration construction project."

Diet member Akio Nakashima, head of the Sakigake [Harbinger] party for the ruling parties' administrative reform project team, emphasizes: "Although they may not go as far as 'after the fire, prosperity,' if the rollback of administrative reform by the agencies is allowed, the strengthening of the crisis management system will be forgotten at that point."

*** Formation of 'Rescue Corps' Urged**

952B0120D Tokyo ASAHI SHIMBUN in Japanese 8 Feb 95 p 2

[Article by editorial staff writer Masumi Ishikawa; fourth installment in a series of articles on Japan's Crisis Management: "Dividing and Reorganizing the SDF"]

[FBIS Translated Text] The news that the Self-Defense Forces [SDF] was late in sending relief support troops during the Great Hanshin Earthquake became a major factor for a debate on the strengthening of the crisis management system. The debate includes the contention that a reexamination of the SDF law and organization is necessary to enable the SDF to act expeditiously.

Exclusive "Rescue Corps"

There are certainly portions of the present SDF law which make it extremely difficult to act except in rare situations. Prior or post approval by the Diet is required for any "callup for defense" and "callup for public safety based on orders." For the "dispatch for natural disasters" also, prior request by the governors is required in principle.

Although troop dispatch without a request is possible in the case of natural disasters, it is an exception stipulated under "provisos." Of course, the recent major quake required exceptional action. However, in the early stage when information is minimal, there is hesitation in deviating from the principle.

This is conceivably a normal restriction that stems from the fact that the SDF is a powerfully armed military force. Nevertheless, it is wrong if it is dilatory in providing disaster relief.

We believe the key to this problem is that the disaster relief organization should not necessarily be a military force. It is possible to organize an exclusive "disaster rescue corps" apart from the military organization. By not being a military force, it could act without any restriction.

Absorption of the International Support Corps

For example, the SDF can be divided and reorganized into a "national land defense corps" which constitutes "a

necessary minimum defense capability," and a standing "disaster rescue corps" for disaster prevention and relief support.

There are various types of disasters. In addition to earthquakes, volcanic eruptions, tsunamis, and fires, accidents at nuclear power plants and at mammoth industrial complexes can be expected, and the rescue methods differ accordingly. Machinery and equipment necessary for the rescue of human lives, fire-fighting, emergency repairs, chemical countermeasures, and radiation countermeasures will be readied, mobile transportation will be prepared, and groups of experts with rescue training will comprise the rescue corps.

A cabinet member as the responsible head of the rescue corps will be empowered to give orders to the police, firefighters, the Red Cross, local government bodies, and unarmed national defense forces during major disasters. It is natural to establish such organizations and joint training on a regular basis.

Organizationally, disaster rescue centers with broad authority can be established in each of the eastern and western regions under a command headquarters, and local centers can be formed in each prefecture.

The local centers will require participation by volunteers with such specialized skills as operating water and land transport vehicles, nursing, food supply and counseling, and they must be integrated through constant liaison. The rescue corps will serve as the key personnel for their activities.

The existing international emergency aid corps can be incorporated under the disaster rescue corps. Responses to various international demands can thus be expedited.

This proposal is based on ideas borrowed from commentator Tetsuo Maeda, who is well-versed in military affairs, but it undoubtedly lacks concrete content. Be that as it may, The point is to form a separate disaster relief organization.

Taking Advantage of Disarmament

Another point in this proposal is that it promotes disarmament. Unless it is accompanied by a scale reduction of the SDF and the formation of a national land defense corps, budgeting the disaster rescue corps may not be feasible. Consequently, the difficulty in realizing the proposal will depend largely on the difficulty of disarmament.

The pro-and-con debate on disarmament can be limitless. However, I for one believe that this is an ideal opportunity for disarmament.

The Social Democratic Party of Japan [SDPJ], which once stressed the unconstitutionality and abolition of the SDF, proposed a reduction of the SDF and establishment of "a construction corps for a peaceful national land." It said that "it should be entirely separate from the SDF, with members hired from the general public or through

transfers from the SDF if desired" (Masashi Ishibashi's *Theory on Unarmed Neutrality*, published in 1980 by the SDPJ organ publication bureau). A considerable number of people supported the idea.

The SDPJ, which produced a prime minister from its ranks, has abandoned its policy of abolishing the SDF, but not its stress on disarmament. By learning from its past, it would do well to conceptualize a disaster rescue corps.

*** Little Political Leadership Seen**

952B0120E Tokyo ASAHI SHIMBUN in Japanese 9
Feb 95 p 2

[Article by Yoichi Funabashi, chief of the American desk; fifth installment in a series of articles on Japan's crisis management: "Conspicuous Absence of Politics"]

[FBIS Translated Text] "There have been no greedy merchants or any looting. People have patiently lined up in queues for food and information. Thanks, citizens of Kobe, for setting such an example of self-discipline and civic spirit."

This is a letter from a reader sent last week to the LOS ANGELES TIMES.

Contrasting Images of Japan

However, a totally different image of Japan simultaneous permeates the world. It is the ineptitude and irresponsibility of Japan's politics and government.

The magazine US NEWS & WORLD REPORT wrote an article entitled: "After the quake, a flood of regulations and rules." THE NEW YORK TIMES published a special issue on "Japan Bound by Regulations." It includes the following episode: When the employees of the major U.S. communications equipment and semiconductor producer, Motorola, rode out on bicycles and attempted to distribute portable phones gratis to the quake victims, they were stopped for the reason that they were not registered at the metropolitan office.

"Japan apparently has a fatal Achilles' heel, systemically speaking" (the above magazine). "Japan's bureaucrats are becoming like the prewar Kwantung Army. There is a widening impression that it is not the foreign companies, which are denied market entry and are abused and turned down by Japan's bureaucrats, but the Japanese people" (the above newspaper).

Politics is fearfully absent because the politicians elected by the people are unable to do anything about it. A U.S. senator friend wondered quizzically: "Politicians are supposed to be 'gung ho' during crises, but for some reason Japan's politicians seem to act like eunuchs." When the great California earthquake occurred a year ago, Governor Wilson and President Clinton grappled

with crisis management as if they were competing, but in a manner transcending both the Republican and Democratic parties.

Emergency Concept Also Changes

After the Cold War ended, the fear of threats and crises has dissipated, and the concepts of "emergencies" and "exigencies" have also changed. Military functions are no longer confined to the battlefield, but are diversifying into peacekeeping, humane rescue, and disaster relief support.

"In the United States, ever since the disaster rescue work after Hurricane Andrew, civilian rescue activity has become a new duty of the military forces. Meanwhile, there is a mounting opinion among private citizens that various military facilities and resources should be utilized." So says Jack Harold, George Washington University professor (also director of the Crisis and Disaster Management Research Institute). The fact that FEMA [Federal Emergency Management Agency], which was created initially as a link in the chain of civilian defense, has been specializing in disaster relief during the past several years "is a response to the change in the sense of threats and crises after the Cold War" (Professor Harold).

The administrators of the present coalition government, who have preserved the nature of the "1955 system," perhaps attempted to cope with the (Hanshin) crisis with an outdated Cold War consciousness.

Japan's distorted relations with the world—being ridiculed for its international contributions by not offering men or sweat of labor but only money—and the nation's way of life have perhaps surfaced here also in a condensed form.

Why were there no "words" spoken by the political leaders following the crisis?

Democracy Tested

When the space shuttle Challenger exploded in the spring of 1986, then President Reagan immediately postponed his State of the Union address to the Congress scheduled on that day, and he expressed his deep sorrow before the entire nation. While sharing his sadness with the people, he directed their emotions away from their sense of frustration and despair. The political leaders must speak to the people especially during a crisis. It is at such a time that democracy is tested.

The visit to the quake victims by the emperor and empress—particularly the empress touching them with her hands and offering words of comfort—was given wide coverage abroad. A pro-Japanese diplomat from northern Europe, who is a friend of this reporter, asked: "Was that Japan's ultimate means of crisis management? Was the emperor burdened with a weightier role because Prime Minister Murayama's visit was received unfavorably?"

Japan's absence of politics is beginning to look bizarre to the extent that the peoples of other nations are trying to gauge the state of Japan's crisis through the presence of the emperor. Crisis management is not the problem. The problem consists of a crisis in politics and a crisis in the political system.

* Dutch Crisis Approach Praised

952B0120F Tokyo ASAHI SHIMBUN in Japanese 10 Feb 95 p 2

[Article by Tatsuro Iwamura, chief of the Europe desk; sixth and last installment in a series of articles on Japan's crisis management: "Sharp Sensitivity of the Authorities"]

[FBIS Translated Text] If the Tremors Had Been Felt

Sensitivity plays a large role in the display of judgment. It also provides food for thought concerning the recent Great Hanshin Earthquake. If the tremors had extended far enough to catch attention in Tokyo, the government's response would undoubtedly have been a little different.

The same can be said about London. Only after watching the late TV news did I realize the terrible situation. The violent shaking inside the NHK Kobe bureau was repeatedly shown over and over again.

It would be strange if, after watching it, I did not feel the seriousness of the situation. I wonder if Prime Minister Tomiichi Murayama and his cabinet members were watching it. What about the secretaries? Does it mean that not a single person was wrapped in tension while working?

Is "Leadership" Necessary?

While it is important to strengthen the information-gathering capacity of the Prime Minister's Official Residence and to reform the transmitting system, I believe that the first prerequisite is for the authorities who are in a position to respond to heighten their sensitivity.

Murray Sail, an Australian writer who has lived in Japan for 20 years, received a request one day from the TIMES' head office in London to write an article.

Although he did not go to the scene, he learned through the TV news that aggressive rescue actions were lacking, and he sent a cynical article stating that "the fruits of Japan's democracy have appeared." The occupation forces after World War II dismantled the old Home Ministry—which had jurisdiction over the police, construction, welfare, and local governments—in an effort to contain the resurrection of powerful central authority. His contention was that it created a Japan that was unable to act swiftly during the great earthquake disaster.

It is discussed as almost common sense that a powerful organization and a strong leadership are necessary to cope with a crisis. There is still a deep-rooted view that "crisis management" can by no means function properly

in Japan where there is no powerful leadership, or where it would be frowned upon if there was. However, I wonder if this view contains a strange nuance which is undoubtedly derived from the words "crisis" and "management" themselves.

I arrived at this conclusion after I observed conditions in the Netherlands which, faced with the crisis of a great flood, evacuated 250,000 citizens without much ado and prevented damage to dikes in dozens of locations.

Readiness of the Netherlands

The key is to position several personnel with honed sensitivity in strategic posts under a clear system.

According to the Dutch Ministry of the Interior, the mayors in the Netherlands have authority concerning disaster relief. The mayor has overall command of all organizations engaged in relief activity, and can take any step considered necessary. The central government's main duty is to provide funds, materials, technology, and training. The state is said to intervene directly during "national-scale calamities" such as nuclear war or atomic-power plant accidents.

The English TIMES carried the following plaudit. "The Dutch have coped effectively with the recent flood crisis because, unlike Japan after the Kobe quake, it capitalized on centuries of bitter experiences."

Like the floods in the Netherlands, Japan cannot escape its earthquakes. It stings our conscience to listen to the Dutch attitude that "it is possible to anticipate what might happen. It is just that we do not know when it will happen."

The essence of the problem becomes difficult to grasp when the term "crisis management" is used.

The antiquake measures were not adequately safe. Relief efforts in the early stage did not function well. Also, the crucial municipal measures were totally off-balance. These were probably the causes of the "crisis."

North Korea

Newspaper Views U.S. Military Emergency Planning

SK0704044695 *Pyongyang KCNA in English 0441 GMT 7 Apr 95*

["Reckless Military Adventure"—KCNA headline]

[FBIS Transcribed Text] *Pyongyang, April 7 (KCNA)*—The U.S. Department of Defense is now re-examining an emergency system for the delivery of aircraft, warships and military vehicles to South Korea via harbours and airports in a third country for a possible "Korean war in the 21st century" and stepping up a plan to round off the "Theatre Missile Defence System" allegedly to cope with the "missile attack" from the DPRK, by involving Europe and Japan in its development and introduction.

Commenting on this, NODONG SINMUN today says this tells that the U.S. warmaniacs intend to carry out a military adventure against the DPRK in the Korean peninsula at any cost.

The analyst continues:

The United States has long sought to stifle our Republic militarily and hold sway over the whole of Korea. It has systematically shipped nuclear weapons and huge aggression forces to South Korea and staged military manoeuvres against the DPRK. It seeks to realise any time its wild ambition to stifle Korean-style socialism by force of arms. This is confirmed again by the "re-examination" by the U.S. Department of Defense.

At a time when the DPRK-U.S. framework agreement is being implemented, the U.S. warmaniacs are coiling up tensions by beefing up the aggression forces in South Korea and its surrounding areas. Their efforts cannot be construed otherwise than a deliberate move designed to put the brake on the implementation of the agreement.

If the United States truly wants to preserve peace and security on the Korean peninsula and sincerely implement the agreement with the DPRK, the country should not do things contrary to it.

It is foolish of the United States to try to stifle the DPRK by dint of force.

The commentary warns the U.S. conservative hardliners to act with discretion, mindful that their reckless military adventure will bring nothing good to them.

Envoy to Russia Discusses Inter-Korean Ties

SK0704022995 *Pyongyang Korean Central Broadcasting Network in Korean 2210 GMT 6 Apr 95*

[FBIS Translated Text] A news conference was held at our country's embassy in Russia on 4 April on the occasion of the second anniversary of the promulgation of the great leader [widaehan suryong] Comrade Kim Il-song's immortal and classical work entitled "The 10-Point Program of the Great Unity of the Whole Nation for National Reunification." The pictures of the great leader [widaehan suryong] Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il were placed in front of the site of the news conference. Functionaries from publications and mass media, including newspapers, news agencies, and radio reporters in Russia were in attendance.

Our country's ambassador to Russia Son Song-pil spoke during the news conference.

The ambassador stated that our country's situation was gruesome two years ago, pointing out: Because of the frantic nuclear commotion and the new adventurous-war-provocation plot by the imperialist reactionaries and the South Korean puppets who are opposed to us, a dangerous situation in which we were on the brink of war

was created on the Korean peninsula. North-South dialogue was fully frozen, and all movements [umjigim], which had once moved in the direction of detente and peace, were in a state of suspension. The situation [satae] raised the very important question of whether our people should become a victim to outside forces' nuclear programs through constant confrontation between fellow countrymen, profiting the outside forces, or should they prevent the danger of war by uniting with each other, achieving the country's peace and peaceful reunification.

Deeply grasping the demands of the prevailing situation, the great leader [widaehan suryong] Comrade Kim Il-song presented the 10-point program for the great unity of the whole nation for national reunification in order to overcome the difficult situation our nation faces with the might of the national chuche [minjok chuche], to achieve the country's peace and peaceful reunification, and to accomplish national growth and prosperity.

The 10-point program of the great unity of the whole nation is a great charter for national harmony that has fully elucidated the theoretical and practical problems to promote the great unity of the whole nation, which becomes a basic guarantee for achieving the fatherland's independent and peaceful reunification with our nation's chuche-oriented might.

The ambassador specifically referred to the contents of the 10-point program, saying that it clearly elucidates the general target [chongjok mokpyo] to found the independent, peaceful, and neutral unified state and sums up the principles for the great unity, an ideological base for the great unity, as well as the concrete plans for their realization.

He stated that as a result of the 10-point program, all fellow countrymen in the North, South, and overseas have come to more vigorously carry out the struggle to achieve national reunification and the great national unity by terminating the history of antagonism and confrontation, overflowing with a new conviction and optimism, adding: The great leader [widaehan suryong] Comrade Kim Il-song energetically led the struggle to achieve the 10-point program of the great unity of the whole nation. Even last year, he opened a way to hold North-South high-level talks. At that time, all fellow countrymen in the North and South shouted a cheer of hurrah, saying: The achievement of national reunification is as much as done because of the great leader's [suryong] high authority and outstanding leadership.

By the way, the Kim Yong-sam clique committed anti-humanity grave crimes by rashly behaving with rifles and knives, instead of expressing condolences on the great loss of mankind, the national accident [minjogui yugo].

We can never sit face-to-face with the Kim Yong-yong ring, who pursues separation and confrontation. To achieve national reunification, the ultimate desire of the nation, by embodying the 10-point program of the great unity of the whole nation, we make it public that the

atmosphere of dialogue should be created by resolving the following issues: The Kim Yong-sam clique should officially apologize for his grave crimes committed in connection with the greatest national accident and abolish the National Security Law, the antinational evil law. The concrete wall, that has artificially divided the Korean peninsula into the North and South, should be removed. Unconverted long-term prisoners should be repatriated to their family members and relatives. The atmosphere of dialogue depends totally on how the South Korean authorities honestly and diligently respond to the settlement of those issues.

In conclusion, he stressed that our people would literally and spiritually carry out, both in name and reality, the 10-point program of the great unity of the whole nation for national reunification presented by the great leader [widaehan suryong] Comrade Kim Il-song, under the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il. Following this, Ambassador Son Song-pil answered reporters' questions.

Contacts for National Reunification Festival Urged

SK0704043595 Pyongyang KCNA in English 0420 GMT 7 Apr 95

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—The North side preparatory committee for grand national reunification festival to celebrate the 50th anniversary of the liberation of the country sent letters on April 5 to permanent advisor to the "National Alliance for Democracy and Reunification" Kye Hun-che, advisor to the South side headquarters of the National Alliance for the Country's Reunification Kim Song-hun, "National Assemblyman" Pak Chan-chong, Executive Chairman of the National Council for Independent and Peaceful Reunification Yi Hae-hak, co-representative of the People for Peace and Reunification Hong Kun-su, managing director of HANGYORE SINMUN Kim Chong-pae, chairman of the "Korean bar association" Kim Son, publisher and editor of the magazine MAL No Hyang-ki, editor-in-chief and publisher of the CHUGAN-NODONGJA SINMUN (WEEKLY WORKERS NEWSPAPER) Yi Tae-pok and former "Minister of Sports" Chong Tong-song as regards the preparations for the August 15 grand national reunification festival.

Noting that the grand national reunification festival to celebrate the 50th anniversary of the liberation of the country will make a big contribution to brilliantly adorning the history of the nation's movement for reunification and opening a way for reunification in the 90s, the letters proposed to meet and discuss the matters concerning the opening of the grand national reunification festival sincerely and open-heartedly.

They expressed the hope that figures of South Korea would show an affirmative response to the North's proposal to meet in a third country in April.

Group Urges Investigation of Kwangju Incident

*SK0704105395 Pyongyang KCNA in English 1043
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—The Kwangju Alliance for Popular Resistance in a statement dated April 4 charged that former puppet President Choe Kyu-hwa's refusal to respond to an investigation into the May 18 Kwangju uprising for democracy was as good as defending the crimes committed by those responsible for the Kwangju incident, and pressed for a probe into the truth behind it, according to a radio report from Seoul.

The organisation criticised the present "government" for turning its back on the investigation and the punishment of those responsible, and vowed to stage a signature campaign to bring pressure to bear upon Choe Kyu-hwa to respond to the investigation.

Japan, ROK Hold Human Rights Forum in Tokyo

*SK0704102995 Pyongyang KCNA in English 1022
GMT 7 Apr 95*

[FBIS Transcribed Text] Tokyo, April 4 [date as received] (KNS-KCNA)—A Japan-South Korea forum on human rights took place in Tokyo on April 1.

It was attended by Han Sung-hon, advisor to the Council of Lawyers for a Democratic Society in South Korea, Yi Tok-u, chairman of its External Relations Committee, and other South Korean delegates and Japanese human rights champions.

The speakers told the forum that there are more political prisoners under the "civilian government" than under the military "regimes" in South Korea, and that the "civilian government" is now persecuting many people by invoking the "National Security Law" [NSL], while frenziedly establishing the fascist "new security-oriented rule".

A resolution adopted at the forum called for the abolition of the "NSL", release of all political prisoners, repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners to their hometowns, and urged the Japanese Government to make a sincere apology for the past war of aggression and colonial domination and compensate all victims including "comfort women for the Army" and rectify its policy of discrimination against the Koreans in Japan and guarantee national education and other national rights for them.

Chongnyon Supports Resuming Talks With Japan

*SK0704102595 Pyongyang KCNA in English 1019
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—The Central Standing Committee of the General Association of Korean Residents in Japan [Chongnyon] published a statement on April 3 supporting the adoption of

the agreement for resumption of DPRK-Japan talks, according to the KNS from Tokyo.

The statement expressed full support and welcome to the adoption of the agreement for resumption of DPRK-Japan talks, saying that it is another victory of the wise guidance of the great leader Marshal Kim Chong-il and independent diplomacy of chuche and a historical event which marked an epochal turn in ensuring peace and stability of the Korean peninsula and Asia as it reflects the wishes and aspirations of the Korean and Japanese peoples.

It further said:

We think that DPRK-Japan talks should be resumed soon and the agreement be sincerely implemented according to the historic three-party joint declaration.

We call on the Japanese Government to actively implement the agreement in conformity with the aspirations and desire of the two peoples.

We strongly denounce the anti-people, anachronistic moves of the traitor Kim Yong-sam who obstructs improvement of DPRK-Japan relations and resumption of DPRK-Japan talks, slandering the agreement.

Reception Given for Koreans in Japan Visitors

*SK0704043795 Pyongyang KCNA in English 0422
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—A reception given by the great leader Comrade Kim Chong-il for the 233rd short-term home visiting group took place here Thursday.

Present there were members of the group led by Kim Kyong-an, vice-chairman of the Hiroshima prefectural headquarters under the General Association of Korean Residents in Japan, on a visit to the socialist homeland, and Kim Su-ik, general director of the general bureau of reception for overseas compatriots, and officials concerned.

Speeches were made at the reception.

The artistes in the city gave a performance at the reception.

Diplomatic Corps Visits Revolutionary Museum

*SK0704043995 Pyongyang KCNA in English 0429
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—The diplomatic corps in Korea called at the Revolutionary Museum of the Ministry of the People's Armed Forces Thursday on the threshold of the birth anniversary of the great leader President Kim Il-song.

The guests were briefed on the ideas of army building and exploits of leadership of President Kim Il-song and

the respected supreme commander general Kim Chong-il, while seeing the mementoes, relics and exhibits with deep interest.

After the visit, Olugbenga Ayodeji Ashiru, Nigerian Ambassador to Korea, said the great leader Comrade Kim Il-song and dear Comrade Kim Chong-il even visited frontline posts to strengthen and develop the Korean People's Army [KPA] and paid meticulous attention to the life of the soldiers with fatherly love, inspecting their barracks and dining rooms, too.

The growth of the KPA as an invincible force today is a result of their wise guidance of overall affairs of the party, the state and the Army, he said.

Comrade Kim Chong-il, supreme commander of the Korean People's Army, has built the KPA as an invincible unit with his chuche-oriented idea and strengthened and developed the self-reliant defence capabilities of the country in the revolutionary spirit of self-reliance, he noted.

He expressed the conviction that the KPA would contribute to reunifying the country as wished by the great leader Comrade Kim Il-song in his lifetime.

Foreign Art Troupes Arrive for Apr Festival

SK0704100895 Pyongyang KCNA in English 1004 GMT 7 Apr 95

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—A Romanian art troupe, a Russian folk song and dance troupe, a Malagasy musician, the Moldovan Norok Musical Company, a Bulgarian art troupe, a Syrian soloist, a Swedish ludvika-mini circus troupe, a Cuban art troupe, a Cuban acrobat, a Cyprian art troupe, a Peruvian musician and her companion, an Algerian musician, a Ukrainian kalina folk song and dance troupe, a Ukrainian national circus troupe, Yugoslav soloists, an Egyptian national folk art troupe, an Egyptian acrobat and his companion, a Nepalese art troupe, a Laotian art troupe, a Malaysian art troupe, a Mongolian art troupe, a Mongolian circus troupe, a Cambodian national dance troupe, a Vietnamese soloist and her companion and an art troupe of the International Korean Association (Unity) arrived here by air Thursday [6 April].

Yang Hyong-sop Speaks at 10-Point Program Day

SK0704025895 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 5 Apr 95

[Report by Yang Hyong-sop, alternate member of the Workers Party of Korea Central Committee and chairman of the Supreme People's Assembly, at the report meeting to mark the second anniversary of the publication of Kim Il-song's work "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country" held at the People's Palace of Culture in Pyongyang on 5 April—recorded]

[FBIS Translated Text] Comrades: Today we significantly commemorate the second anniversary of the publication of the respected and beloved Comrade Kim Il-song's immortal classic "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country" in an environment in which all people in the entire country are waging a vigorous general march in wholehearted unity around the great leader Comrade Kim Chong-il to make their country, their fatherland, richer and stronger, and in which the 70 million fellow countrymen are launching themselves into a vigorous great pannational march to open a new turning point for the country's reunification this year when we observe the 50th anniversary of national liberation.

All fellow countrymen in the North, South, and overseas now remember with a warm feeling the greatness, justness, and indestructible vitality of the idea of great national unity set forth in the "10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country" published by the great leader Comrade Kim Il-song, the founder of socialist Korea and father of the nation, and are filled with the determination to achieve the cause of the independent and peaceful reunification of the country without fail through the firm unity of the entire nation.

The historic work by the great leader, "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country," was published at a very stern time when the danger of a new war was increasing further in our country because of the aggression and interference maneuvers of the imperialists and reactionaries that intensified with each passing day, and when our nation's cause of reunification was faced with new challenges.

As everyone knows, when "The 10-Point Program of Great Unity of the Entire Nation for the Reunification of the Country" was published, the situation of our nation within and without was more complicated and acute than ever before. Although the East-West Cold War system collapsed in the world arena, the imperialist and reactionary forces openly perpetrate political and economic pressure and military threats to bring the independence-aspiring countries to their knees, dreaming of a new international order of domination and subjugation.

In particular, the imperialist and reactionary forces turned the spearhead of their policy of force toward the Korean peninsula, and viciously maneuvered to crush [apsal] by force our Republic, which invariably adheres to the banner of socialism. With a scheme to wage a new military adventure on the Korean peninsula, they withheld their plan to reduce U.S. troops in South Korea, which they had already announced, while withdrawing military bases and reducing arms in other regions and countries of the world. Further building up the arms of aggression, they resumed the Team Spirit joint military exercise against us. At the same time, while instigating some quarters of the International Atomic Energy

Agency [IAEA], they forced the IAEA to adopt a resolution on referring our so-called nuclear issue to the United Nations, thus leading the situation to an extremely dangerous state.

The tension thus created on the Korean peninsula was further aggravated by the stubborn foreign force-dependent policy of the South Korean authorities. They broke the agreement with the fellow countrymen and resumed a large war exercise for northward invasion in collusion with foreign forces; clinging to a flunkeyist traitorous act of ruining the supreme interests of the nation by begging foreign forces for assistance in a problem that should be solved within the nation, they froze all contacts and dialogue between the North and South, thereby leading to a stalemate the trend of the situation that was once heading for detente and reunification.

Because of anti-Republic maneuvers by the imperialist reactionaries, who become more reckless every day, and of the South Korean rulers who colluded with them, what became promoted on the Korean peninsula was not peace and reunification but a touch-and-go tense situation in which a fuse to a new war could be ignited at any moment, and our fellow countrymen faced a very dangerous phase in which they might suffer catastrophe from thermonuclear war on top of the tragic division.

In response to this situation within the country, the respected and beloved Comrade Kim Chong-il, the destiny of the fatherland and the nation as well as the supreme commander of our revolutionary Armed Forces, declared a semiwar state throughout the entire country and the Armed Forces by issuing a supreme commander's order, and expressed the strong position that no enemy could touch a tree or blade of grass in the fatherland. By taking a resolute self-defensive measure, he defeated the attack of the imperialist reactionaries and their followers in a single blow, defended our fatherland and socialism, and defended our fatherland's supreme interests to the last. [applause]

With his incomparable boldness, foresight of a genius, scientific insight, and diverse strategies and tactics, General Kim Chong-il, the respected and beloved supreme commander, frustrated the reactionary offensives by the imperialist allies; the situation on the Korean peninsula, in which adversity was turned into an advantage and misfortune into a blessing, urgently demanded that all fellow countrymen achieve the unity of the entire nation, and thus open a bright road toward the fatherland's reunification.

At such a time, the great leader Comrade Kim Il-sung—the genius of the revolution, the sun of the nation, and the lodestar of the fatherland's reunification—released “The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country” on 6 April 1993 after nurturing outstanding ideas on hastening the fatherland's reunification on its independent national strength.

The great leader Comrade Kim Il-sung has taught: Bringing an end to the history of division and confrontation, which has lasted for almost half a century, and reunifying the fatherland is the demand and wish of all our fellow countrymen. To achieve the independent and peaceful reunification of the fatherland, the entire nation must achieve great unity.

In “The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country,” the great leader first elucidated the basic ideas of the program for all people who worry about the destiny of the nation to unite as one and make characteristic contributions to the country's reunification and the prosperity and development of the reunified fatherland. He also elucidated the general goal of great national unity, which is to build an independent, peaceful, and neutral pan-national reunified state with the great national unity of the entire nation; the ideological basis of great national unity, which is to achieve unity based on national independence; and the principle of unity on promoting coexistence, coprosperity, and common welfare as well as subordinating everything to the cause of the fatherland's reunification.

In “The 10-Point Program of the Great Unity of the Entire Nation,” the great leader fully presented problems on bringing an end to all political strife; achieving North-South mutual trust and unity; walking the road to the fatherland's reunification hand in hand, irrespective of each's doctrines and principles; and protecting all wealth owned by individuals and organizations and using it in ways beneficial to great national unity. He fully presented problems on achieving mutual understanding, mutual trust, and unity in the entire nation through contacts, travel, and dialogue; he highly assessed those who contributed to great national unity and the cause of the fatherland's reunification. In addition, he fully presented other practical ways for great national unity.

Because of the country- and nation-loving position that runs through all its articles, and because of its fairness and justness, “The 10-Point Program of the Great Unity of the Entire Nation” declared by the great leader Comrade Kim Il-sung is a great political program for national unity—being most reasonable and realistic so that everyone who loves the country and the nation and desires the reunification of the fatherland can accept it, regardless of ideology, religion, system, position, location, and wealth—as well as a great charter of the fatherland's reunification. [applause]

The 10-point program for great national unity, stemming from patriotism and the spirit of national independence, is the banner of the country and of the patriotism that places the interest of the entire nation above that of any class or stratum, that is run through with contents on the need to submit everything to the fatherland's reunification, and is a bibliotheca of national unity that reflects the people's unanimous demand and aspiration for putting an end to the almost half-a-century-long distrust and

confrontation within the nation and for achieving nationwide reconciliation and unity.

"The 10-Point Program of the Great Unity of the Entire Nation" is also a great political program for achieving the broad unity of the entire nation by solving all problems based on a national position, with the spirit of mutual respect and concession, and by generously embracing even those who committed crimes against the nation in the past.

The basic spirit of "The 10-Point Program of the Great Unity of the Entire Nation" is an idea of loving the country and nation that is aimed at uniting the entire nation as one, preventing the nuclear war danger, and saving the nation's destiny; it is a position of national independence to achieve the historic cause of the fatherland's reunification and to open a way for the nation by gathering our wise and intelligent people's infinite strength.

This historic program comprehensively expresses the great *chuche* idea and the idea of great national unity created by the respected and beloved leader Comrade Kim Il-song, as well as the immortal achievements and valuable experience accumulated in the course of the struggle to realize the ideas.

In the early days of the anti-Japanese struggle, the fatherly leader founded the Association for the Restoration of the Fatherland, a creative anti-Japanese national reunification front organization, and declared the 10-Point Program, thus preparing a valuable tradition for great national unity. After national liberation, he brilliantly achieved a specific line for great national unity in the course of building a new society and waged the struggle to reunify the fatherland, thus accumulating great achievements.

As soon as it was announced to the world, the great leader's historic work, "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country," won the active support and sympathy of not only all Korean compatriots in the North, South, and overseas but also the revolutionary people of the world. Its invincible might and vitality has been proven all the more clearly as days went by.

Since the great leader's historic work was published, South Koreans from all walks of life and overseas compatriots have praised "The 10-Point Program of the Great Unity of the Entire Nation" presented by respected and beloved President Kim Il-song as a great reunification charter that is most fair, just, and reasonable, and have stoutly carried out the struggle to implement it.

Overseas compatriots have broadly held signature campaigns, meetings, and symposiums to implement "The 10-Point Program of the Great Unity of the Entire Nation" while vigorously carrying out the reunification movement as more organized forces by firmly preparing

associations for reunification, such as the overseas organizations of the National Alliance for the Country's Reunification [Pomminnyon].

In particular, in South Korea patriotic figures for reunification have at last declared the formation of the South side's headquarters of Pomminnyon after defeating the authorities' obstruction maneuvers at a time when the tendency toward resolving the issues concerning North-South relations and reunification at an early date, based on the principle of great national unity, have grown daily among people and figures from all walks of life. Also, heads of state and government, party leaders, prominent figures, and progressive people of various countries of the world highly assessed "The 10-Point Program of the Great Unity of the Entire Nation" as the grand program of Korean reunification and as Korea's one and only reunification charter, and extended their positive support and encouragement to our people's just struggle for national unity and national reunification.

On the other hand, frightened at the might of "The 10-Point Program of the Great Unity of the Entire Nation," the divisionists at home and abroad who were afraid of national reconciliation and unity tried to prevent the implementation of this program. However, they were abandoned and further isolated and rejected by the people.

"The 10-Point Program of the Great Unity of the Entire Nation," which casts a brilliant ray on the road toward achieving national unity and reunification in the 1990's, is a patriotic program that can only be presented by Comrade Kim Il-song, the respected and beloved leader, who was the peerless patriot and the father of tens of millions of fellow countrymen, who devoted his entire life to the fatherland's independence and the nation's prosperity and development, and who spent the last moment of his great life for the cause of the fatherland's reunification. [applause]

Truly, the great leader Comrade Kim Il-song's presentation of "The 10-Point Program of the great Unity of the Entire Nation for the Reunification of the Country" is the most brilliant immortal achievement in the history of our nation's struggle for the fatherland's reunification.

On this meaningful meeting marking the second anniversary of the publication of the respected and beloved leader's immortal classical work "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country," with all Korean people's boundless admiration and enthusiastic loyalty, I cordially extend the greatest honor and warmest thanks to the great leader Comrade Kim Il-song, the genius of the revolution and the eternal sun of the nation, who cast a brilliant ray on the road of the fatherland's reunification with the banner of *chuche*, and who always led our people along the single road of victory and honor, as well as the great leader [yongdoja] Comrade Kim Chong-il, the destiny of the fatherland and the nation and the lodestar of the fatherland's reunification. [applause]

Comrades: Two years have passed since the great leader Comrade Kim Il-song released the historic work "The 10-Point Program of the Great Unity of the Entire Nation for the Reunification of the Country," and thus provided our fellow countrymen with the great banner of national unity and new confidence in the fatherland's reunification. During this period, our party and the government of our Republic have made every sincere effort to prevent the danger of a new war and open a new phase in the fatherland's reunification on the united strength of the entire nation under the banner of "The 10-Point Program of the Great Unity of the Entire Nation" presented by the respected and beloved leader.

In particular, last year we took important measures to hold North-South top-level talks to reverse the rigorous situation that was headed for the brink of war and move it toward national reconciliation and unity as well as achieve a new turning point in the fatherland's reunification.

All these steps we took were aimed at precluding interference by foreign forces and opening a road to the independent and peaceful reunification of the country in firm unity under the banner of the great unity of the entire nation, instead of ruining the fundamental interests of the nation in hostility and confrontation between fellow countrymen. However, the South Korean ruling bunch clung more stubbornly to the foreign force-dependence policy rather than national reconciliation and unity, challenging our sincere efforts and the yearning of the entire nation, and committing nation-selling and nation-betraying acts.

The present South Korean ruling bunch has habitually committed nation-selling and nation-betraying acts, selling out the interests of the country and the nation and making dependence on foreign forces its way of life without regard to national dignity. The Kim Yong-sam ring, which lives dependent on others and without its own spirit, resumed the once-suspended 'Team Spirit' joint military exercise with foreign forces under the pretext of its fictitious nuclear suspicion of us, and launched itself as a shock brigade into the commotions of international joint alliances and sanctions, running wild to harm fellow countrymen with the help of foreign forces. Totally freezing dialogue and contact between the North and South, it perpetrated reckless maneuvers for confrontation and led North-South relations to their worst state.

The antinational act of the Kim Yong-sam ring, colluding with foreign forces and regarding fellow countrymen as the enemy, was well revealed by its persistent maneuvers to frustrate the DPRK-U.S. talks. The talks held between us and the United States were aimed at resolving the nuclear issue on the Korean peninsula and ensuring peace, and were in the interest of our nation and beneficial to world peace and security.

Therefore, when the DPRK-U.S. talks were successfully concluded with the announcement of the agreed framework, the entire world and our nation actively supported

and welcomed it, and wholeheartedly wished the agreed framework to be implemented smoothly without any disturbance. However, the Kim Yong-sam ring, which had committed all sorts of desperate attempts to frustrate the DPRK-U.S. talks, continued babbling about international alliances even after the successful conclusion of the talks and the adoption of the DPRK-U.S. agreed framework, committing an antinational act by obstructing the implementation of the agreed framework in every way.

The traitorous act of the Kim Yong-sam ring regarding fellow countrymen as the enemy, against the will of fellow countrymen, in order to defend the national sovereignty as their life and against the trend of the times, clearly shows that the Kim Yong-sam ring is an antinational group seeking flunkeyist nation-selling without regard to national dignity.

Bringing an end to confrontation and distrust and promoting reconciliation and trust between the North and South is one of the important demands of "The 10-Point Program of the Great Unity of the Entire Nation." Our nation is one, and our fatherland is one. Though our nation is divided into North and South, it should reconcile and unite as one nation and reunify the country with united national strength.

However, the South Korean ruling bunch disregards "The 10-Point Program of the Great Unity of the Entire Nation"—the banner of national unity—and blocks national reconciliation and unity, encouraging and aggravating confrontation and distrust within the nation. In particular, the Kim Yong-sam traitorous clique took the most savage and antihumanity attitude that one should not commit during our unexpected unfortunate event that occurred last year, thus committing the most vicious crime of destroying national unity.

All fellow countrymen pounded the ground and shed blood and tears over the sorrowful death of Comrade Kim Il-song, the respected and beloved leader who devoted his entire life to the country's reunification and national prosperity; the entire world expressed its deep condolence. At such a time, only the Kim Yong-sam ring challenged the death of our leader (suryongnim), who had been upheld as the center of great national unity, with brutal acts. This is an unparalleled grave crime that can never be forgiven.

The traitorous Kim Yong-sam clique's unparalleled grave crime left an indelible grudge in the hearts of our fellow countrymen and reversed the promising [komu-jogin] North-South relations, with top-level talks lying ahead, leading instead to serious confrontation. In connection with this grave antinational act, all Korean compatriots at home and abroad, as well as conscientious people throughout the world, still cannot refrain from condemnation and anger today. Nevertheless, a little while ago the Kim Yong-sam ring enumerated absurd remarks to justify its inhumane act, saying it was

appropriate. In so doing, it committed another traitorous crime on top of its previously committed crime.

Instead of atoning for its crime against the nation, the Kim Yong-sam ring is trying to justify its crime. This very vicious attempt by the Kim Yong-sam ring ignites surging anger and indignation from our people across the country who are living with unquenchable grudges.

A few days ago, the traitor Kim Yong-sam personally found fault with us and enumerated provocative words such as "punishment" and "warnings." This is an antinational rash act that casts a dark shadow over promoting national reconciliation and unity as well as improving North-South relations.

Today, North-South relations, which had been headed for confrontation, have been further aggravated by the Kim Yong-sam ring's provocative attempt to build a nuclear waste disposal site close to our side's area. Despite unanimous protests from home and abroad, the puppets are attempting to stockpile very dangerous radioactive materials on Kurop Island on the West Sea, which is very close to South Hwanghae Province on our side and whose natural and geographical conditions are very unstable. This is virtually the declaration of nuclear war [haekchonjaeng pogo] against us.

If the Kim Yong-sam ring builds a nuclear waste disposal site at a place very close to us, this will not only nullify the North-South agreement and the joint denuclearization declaration, but will only inflict a catastrophe of war, nuclear war, on the entire nation.

The South Korean puppets created a new political situation dominated by security affairs, kicked up a commotion to crack down on the so-called chuche idea faction, and viciously suppressed the South Korean patriotic youth and students and people who stood up for independence, democracy, and reunification by linking them to us. This is also a crime that destroys national unity, worsens North-South relations, and further aggravates the situation.

The South Korean people, youths, and students should naturally be granted the freedom of studying progressive ideologies, discussing reunification, and waging a reunification movement. However, the Kim Yong-sam ring is suppressing them with rifles and swords for studying the chuche idea, which the entire world believes in, and for engaging in movements of reunification, which is desired by the entire nation. This only shows that the Kim Yong-sam ring has no intention of national reconciliation and unity or reunification of the country.

Particularly, the South Korean ruling camp is opposing the joint proposal of our political parties and groups for all compatriots at home and abroad to gather at Panmunjom on 15 August this year to grandly celebrate the 50th anniversary of the fatherland liberation. This fact again plainly shows that the South Korean ruling camp is not interested in national unity or even North-South dialogue.

The proposal calling for the representatives of various parties, factions, and social strata at home and abroad to participate in the celebration to commemorate the 50th anniversary of the fatherland liberation as a grand celebration of national reunification is the most reasonable and practical proposal in light of the pannational character of the reunification issue, as well as the nation's desire for reunification in the nineties. The proposal is greatly supported and welcomed at home and abroad.

However, the South Korean ruling camp intercepted the letter from political parties and groups of our Republic to relevant South Korean political parties and groups proposing bilateral and multilateral contacts. It is indeed rude and mean to block the letter from reaching the receivers.

The South Korean puppets are even viciously committing antinational acts overseas. As it has been exposed and strongly denounced at home and abroad, the Kim Yong-sam ring penetrated a great number of rascals from the puppet Agency for National Security Planning (NSP) into the neighboring countries, including the northeast area in the PRC. The NSP rascals are strengthening the espionage, destruction, and subversive maneuvers against us and creating anxiety in overseas Korean communities by splitting up and dividing overseas compatriots. Based on the firm position to achieve national reconciliation and unity, we will never tolerate but resolutely counter and thoroughly smash [punswae] the Kim Yong-sam ring's antinational concocted maneuvers and splitting schemes being committed in the neighboring countries, including the northeast area in the PRC.

The Kim Yong-sam ring's antinational acts, which are becoming more and more vicious with each passing day, are setting North-South relations way back and bringing about unprecedented serious consequences to the future of fatherland reunification. We will never tolerate the crime of the Kim Yong-sam ring, which is challenging the unanimous aspiration and desire of the whole nation to be firmly united under the banner of "The 10-point Program of the Great Unity of the Entire Nation for the Reunification of the Country," to prevent the threat of a new war [sae chonjaengui wihyobul makko], and to open the road for peace and peaceful reunification of the country.

The United States is also responsible for the fact that our nation's reunification cause for peace and peaceful reunification of the country has not been achieved until today. If the United States respects the DPRK-U.S. agreed framework, in which it promised to denuclearize the Korean peninsula and guarantee peace and security, it should not cling to unfair pressure against us and should stop acts conflicting with [chochok] peace and the peaceful reunification of our country.

Being aware that leaving intact the traitor Kim Yong-sam, the flunkeyist nation seller and traitor, they cannot achieve the dignity and sovereignty of the nation or the

development of democracy and the peaceful reunification of the country in the South Korean society, the South Korean youths, students, and people are bravely rising in the anti-Kim Yong-sam struggle.

Under the banner of great national unity, the South Korean reunification patriotic forces and people from all walks of life are vigorously fighting for national unity and the fatherland's reunification. This is a rightful struggle to save the nation from the danger of ruins and a patriotic struggle to realize the whole nation's desire for reunification.

On the occasion of the second anniversary of the publication of the respected and beloved leader [suryong] Comrade Kim Il-song's immortal classical work, "The 10-Point Program of Great Unity of the Entire Nation for the Reunification of the Fatherland," I send warm fraternal support and encouragement to the South Korean workers, farmers, youth, and students, and people from all walks of life who are unyieldingly fighting for national unity and the fatherland's reunification. [applause]

Comrades: Today, all the Korean people of the North, South, and overseas are faced with the heavy and honorary task to realize the country's peace and peaceful reunification through the independent strength of the nation by thoroughly implementing "The 10-point Program of Great Unity of the Entire Nation for the Reunification of the Fatherland" presented by the great leader [suryong] Comrade Kim Il-song.

The great leader [suryong] Comrade Kim Il-song has taught: Whether a person is in the North, South, and overseas and whether he is a communist, nationalist, proletarian, bourgeoisie, atheist, and theist, if a person is worried about the nation's fate, all differences must be transcended to first of all unite as one nation and open together the road for the fatherland's reunification.

If the whole nation harmonize and unite as one, this is indeed the fatherland's reunification which we desire. All the Korean fellow countrymen of the North, South, and overseas who are (?entrusted) with the fate of the fatherland and nation, must all the more firmly unite under the great banner of "The 10-point Program of Great Unity of the Entire Nation for the Reunification of the Country" which is a great charter of national unity by transcending ideology, system, party faction, position, and religion, to vigorously open the road for reunification in the nineties.

People from all walks of life in South Korea and overseas fellow countrymen who have strength through strength, knowledge through knowledge, and money through money, must make distinctive contributions in the cause of the fatherland's reunification. [applause]

All the Korean fellow countrymen at home and abroad must further vigorously organize and unfold various forms of mass movements to implement "The 10-point

Program of the Great Unity of the Entire Nation for Reunification of the Country", actively hold dialogue and contacts to discuss and seek practical methods and measures to realize the program. By doing so, the great national unity can be firmly realized and the main force of our nation for the fatherland's reunification can be firmly provided.

The work to realize "The 10-point Program of Great Unity of the Entire Nation for the Reunification of the Country" cannot be thought about apart from the struggle with the nation-selling and treacherous forces opposing it. Rather than the nation's welfare and interest, the Kim Yong-sam ring treasures the interests with outside forces more, and dreams of its own indolence and recognition rather than the nation's fate. Thus, the Kim Yong-sam ring is an antinational splittist fascist force of the times relentlessly opposing the nation's unity and the fatherland's reunification.

The South Korean people should wage a bold struggle to resolutely eliminate the ring of unparalleled traitor Kim Yong-sam and to see the abolition of the institutional devices, including the National Security Law—an antireunification-oriented evil law—and the NSP, which are blocking national unity and reunification.

At the same time, it is necessary to avert the danger of a new war and forcefully open the broad future road to the country's peace and peaceful reunification by resolutely checking and frustrating the puppet clique's war maneuvers and its racket for North-South confrontation.

The Kim Yong-sam ring should correctly know that it cannot find a place to stand within the nation, nor can it escape from a rigorous judgment of history, as long as it continues to block the road to the national reconciliation and unity by adhering to antinational, antireunification-oriented maneuvers while depending upon outside forces.

This year is really a historic year in terms of thoroughly accomplishing the 10-point program on the great unity of the entire nation for the fatherland's reunification, which was put forth by the great leader Comrade Kim Il-song, and of achieving the fatherland's independent, peaceful reunification with the concerted strength of the entire nation.

This year is a meaningful year that marks the 50th anniversary of the fatherland's liberation; and half a century has passed since our nation was artificially divided by the outside forces. This year, we should open a decisive phase for the fatherland's reunification by carrying out a pannational grand march for reunification, while holding higher the banner of the great unity of the whole nation.

The solemn pledge, which our countrymen firmed up at the beginning of the 1990's, is to the embellish the 50th anniversary of the fatherland's reunification as a historic opportunity to open a new phase for the fatherland's reunification.

Although they experienced the greatest sorrow of having lost the nation's great father—who had devoted all of his life to the precious cause to achieve the country's sovereignty, independence, and reunification—last year, our countrymen have risen in a body in the sacred struggle to surely achieve reunification in the 1990's by turning such a great pain of loss into hundreds and thousands times as much strength and courage.

All Korean compatriots in the North, the South, and overseas should brilliantly embellish this year as a historic year, which will effect a new epoch-making turn in the history of our nation's movement for reunification, while resolutely smashing the knavish maneuvers of challenge and obstruction by the splittist forces at home and abroad and while surely materializing the grand festival for the national reunification to celebrate the 50th anniversary of the fatherland's liberation. [applause]

All people in the northern part of the Republic should strenuously struggle to more firmly consolidate our-style socialism as an invincible fortress and to further enrich our country, our fatherland, while rallying in single-hearted unity around the great leader [yongdoja] Comrade Kim Chong-il.

Only victory and glory will always be brought to the future road of our people who are vigorously marching forward under the outstanding and seasoned leadership of the great leader [yongdoja] Comrade Kim Chong-il, while keeping in their hearts the respected and beloved leader Comrade Kim Il-song's last wishes. [applause]

Let all of us more vigorously struggle for the country's socialist construction, for the fatherland's independent and peaceful reunification, and for the consummation of the revolutionary cause of *chuche*, while upholding—with the single-heartedness of loyalty and filial piety—the respected and beloved Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, and the lodestar of the fatherland's reunification. [applause]

Kim Chong-il 'Spirit of Defending Homeland' Noted

SK0704104995 *Pyongyang KCNA in English 1041*
GMT 7 Apr 95

["Great Leadership in Imbuing All People With Spirit of Defending Homeland"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—NODONG SINMUN today carries a by-lined article about the wise guidance of the great leader Comrade Kim Chong-il in imbuing all the people fully with the spirit of defending the homeland.

It is a distinguished feat performed by respected General Kim Chong-il in increasing the nation's defence capacity that he has reared ours to be a good people fully equipped with the spirit of defending the homeland, the article says, and continues:

What is most important in his leadership in implanting the homeland-defending spirit in the minds of the entire people is that he has made the party members and working people have the view that the homeland is, so to speak, the leader.

He made clear that it is the true homeland where the popular masses enjoy an independent and creative life and expounded the idea that the true homeland of our people is the bosom of the great leader President Kim Il-song. This is the immovable truth proved by our people's history of the building of the socialist homeland.

The homeland of our people is the fatherly leader President Kim Il-song and the great General Kim Chong-il.

With the truth that the homeland is just the leader clarified by Comrade Kim Chong-il, the principle of the revolution—defending the homeland means defending the leader with life—was expounded and the kernel of the homeland-defending spirit provided.

It is also important in the leadership of General Kim Chong-il in guiding all the people to have this spirit that he has led all the party members and working people to be well aware of the value of the socialist homeland and follow the examples of the anti-Japanese fighters and patriotic forerunners who devoted all their youth and lives to the homeland.

Under his wise guidance leading all of our people along the road of patriotism covered by the heroes, they are now resolved to defend the sky, the ground and seas of the homeland like an impregnable fortress with their lives from any aggressors' invasion, with the national pride of living in the best socialist country.

Our people will firmly defend their country, their homeland in the strong spirit of defending the homeland implanted by General Kim Chong-il in their minds.

Portrait of Kim Chong-il Hung in Mongolia

SK0704042795 *Pyongyang KCNA in English 0413*
GMT 7 Apr 95

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—A portrait of the great leader Comrade Kim Chong-il was hung on the wall of a lecture room of the Kim Chong-il grade of the Mongolian private institute of history oriental philosophy on the birth anniversary of the great leader President Kim Il-song with a due ceremony on March 30.

The rector of the institute in a speech said that the students of the Kim Chong-il grade of the institute will deeply study *chuche* philosophy, always looking up to the portrait of dear Comrade Kim Chong-il in the room.

Peruvians Issue Appeal on Kim Il-song Birthday

SK0704102195 *Pyongyang KCNA in English 1015*
GMT 7 Apr 95

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—A joint appeal to the progressive political parties, organisations and individual figures of the world was published by 33 political parties and organisations including

the People's Front of Workers, Peasants and Students of Peru, the Left Revolutionary Union of Peru, the Peru-Korea Institute of Culture and Friendship and the General Confederation of Workers of Peru on the birth anniversary of the great leader President Kim Il-song.

The appeal said President Kim Il-song is the sun of the nation and the great leader whom the Korean people acclaimed for the first time in their history of thousands of years and the greatest of great men of the world.

President Kim Il-song had devoted his everything to the independence of the country, the freedom and happiness of the popular masses, the socialist cause and the cause of independence of humankind till the last moments of his life since he embarked on the road of revolution, it said.

The revolutionary cause of *chuche* started by him will certainly emerge victorious under the wise leadership of his excellency the great leader Kim Chong-il, the appeal said and went on:

We call on the progressive political parties, organisations and individual figures of the world on the occasion of April 15 and July 8:

Firstly, to express deepest reverence for the great leader President Kim Il-song by holding meetings, seminars, lectures, book and photo exhibitions, film shows and other events for a hundred days from now on, together with the Korean people.

Secondly, to strengthen international support and solidarity for complete victory of the Korean-style socialism and the just cause of the Korean people for the reunification of the country, for which President Kim Il-song energetically worked till the last moments of his life.

Thirdly, to support the implementation of the 10-Point Programme of the Great Unity of the Whole Nation put forward by President Kim Il-song and strongly demand the abolition of the "National Security Law" and removal of the concrete wall in South Korea.

Indian Communist Party Group Mourns Kim Il-song

SK0704050195 *Pyongyang KCNA in English 0454*
GMT 7 Apr 95

[FBIS Transcribed Text] *Pyongyang, April 7 (KCNA)*—The participants in the 15th congress of the Communist Party of India (Marxist) which was held in Chandigarh on April 3 mourned for the great leader President Kim Il-song.

A portrait of President Kim Il-song was hanging on the wall of the hall.

A resolution on mourning for President Kim Il-song was adopted in the name of the congress and the participants observed a moment's silence in memory of him.

Pakistani Envoy Hosts Kim Il-song Birthday Party

SK0704044895 *Pyongyang KCNA in English 0436*
GMT 7 Apr 95

[FBIS Transcribed Text] *Pyongyang, April 7 (KCNA)*—The Pakistani ambassador to Korea, Rehmdil Bhatti, hosted a party on April 6 to commemorate the birth anniversary of the great leader President Kim Il-song.

In his address, the Pakistani ambassador said that his excellency respected President Kim Il-song was a great leader who had been highly respected not only by the Korean people but also by leaders and people of Pakistan. Reverence of the Pakistani people for President Kim Il-song stems from their sincere feelings, he added.

The great president was possessed of sagacious penetration, clairvoyant intelligence and noble popular traits, he said, stressing:

Comrade Kim Chong-il fully personifies all gifts of his excellency the president.

The great leader Comrade Kim Chong-il is wisely leading the Korean people with tireless activities to strengthen and develop the revolutionary Armed Forces, bring happiness to the people and achieve the prosperity of the country.

The Korean people guided by Comrade Kim Chong-il is the happiest and the most blessed one in the world.

The undying exploits performed by President Kim Il-song will remain long in the hearts of the Pakistani people as well as the Korean people.

The Pakistani ambassador emphasized that trust of the Korean and Pakistani peoples in His Excellency Kim Chong-il will always remain unchanged.

Kim Yong-nam, member of the Political Bureau of the Central Committee of the Workers' Party of Korea, vice-premier of the Administration Council and foreign minister, said in his address that the friendship between Korea and Pakistan is a valuable one which was forged by the great leader Comrade Kim Il-song and his excellency esteemed Zulfikar Ali Bhutto.

He declared that the Korean people would make positive efforts to strengthen and develop the excellent relations between the two nations still further, upholding the great intention of respected General Kim Chong-il who has always directed deep attention to this friendship.

He highly estimated the great achievements made by the Pakistani people in the work to promote the national unity and develop the economy under the correct leadership of Her Excellency Esteemed Prime Minister Benazir Bhutto and sincerely wished them greater success in their future work.

Party, Government, People's Officials Plant Trees*SK0704043695 Pyongyang KCNA in English 0425
GMT 7 Apr 95*

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—Officials of the party and government joined officials of the working people's organisations, working people and school youth and children in the city in planting trees on Thursday.

Among them were Premier Kang Song-san and Vice-presidents Yi Chong-ok, Pak Song-chol and Kim Pyongsik, and other officials of the party and government.

They planted trees and flower roots including pine-nut trees, Hoeryong white apricot trees and larch trees at Mangyongdae and on Munsu Hill, Mt. Chang and Mt. Taesong in Pyongyang.

On the same day, officials of the central organs planted trees on the picturesque Nungna Islet and Yanggak Islet.

The great leader President Kim Il-song personally planted trees on Munsu Hill, Pyongyang, on April 6, 1947. This day is commemorated as tree-planting day in Korea.

Newspaper Denounces 'Antisocialist Propaganda'*SK0704103895 Pyongyang KCNA in English 1034
GMT 7 Apr 95*

["Persistent Anti-Socialist Propaganda of Imperialists"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—It is a fantastic day-dream of the imperialists to check the cause of socialism by anti-socialist propaganda.

NODONG SINMUN today says this in an article entitled "The Imperialists' Persistent Propaganda Offensive Against Socialism".

The imperialists are now resorting to every conceivable means in propaganda against socialism, the paper notes, and goes on:

They set in motion all the mass media and propaganda machines in anti-socialist propaganda.

And they tactfully thrust into socialist countries various kinds of publications, films, video cassettes, etc. to slander socialism and embellish capitalism.

They also employ renegades of socialism in the propaganda.

Considering anti-socialist propaganda to be no less effective means than nuclear blackmail, the imperialists are now engaging themselves in falsity, fabrication and slanders against socialism.

The main target of their anti-socialist propaganda offensive at present is the Democratic People's Republic of Korea, the paper says, adding:

The imperialists are concentrating the anti-socialist propaganda offensive on the DPRK which is advancing under the uplifted banner of socialism.

Even today when the DPRK-U.S. framework agreement was adopted and is now being implemented they are still clamouring about the "nuclear issue", launching another round of propaganda with outcries over "potential threat". Not a few mass media of imperialist countries are mobilized in the propaganda. Recently it was decided to set up radio "Free Asia" the main target of which is the DPRK.

Socialism has been frustrated in some countries but is, as a science, still alive in the mind of peoples.

No matter how desperately the imperialists may try they cannot turn back the wheel of history rolling toward socialism.

Basic Theory of Socialist Education Outlined*SK0704073595 Pyongyang Korean Central
Broadcasting Network in Korean 2224 GMT 5 Apr 95*

[Unattributed talk: "Making People Revolutionary, Working Class, and Communist is the Basic Theory of Socialist Education"]

[FBIS Translated Text] The basic theory of the most scientific and revolutionary socialist education uniquely elucidated by the great leader [suryong] Comrade Kim Il-song has been brilliantly embodied today in our country. Therefore, the new generations are magnificently growing up to be talented communist revolutionary men possessed with independence and creativity.

The great leader [suryong] Comrade Kim Il-song has taught: The basic theory of socialist education is making the people revolutionary, working class, and communist.

In other words, it is to arm the people with communist revolutionary ideology, and based on this, make them have deep scientific knowledge and robust physical strength.

The basic theory of socialist education is making the people revolutionary, working class, and communist. Making the people revolutionary, working class, and communist signifies the fostering of people who are masters of a socialist society into men corresponding to a communist society, which is man's greatest ideal. In other words, it is to firmly arm all members of society with communist ideology, and based on this, make them have abundant scientific knowledge and robust physical strength.

A communist man regards loyalty toward the leader [suryong], the mother of social and political life, as the best in life, and devoting all of his creative wisdom and talent for the party, leader [suryong], fatherland, and people as a life worth living. Making such true communist men is indeed making people revolutionary, working class, and communist.

Making the people revolutionary, working class, and communist is a basic theory of socialist education. This is most of all related to the situation that this smoothly realizes the goal of socialist education. The goal of education reflects the characteristics of the related social system and interests of the dominating class.

The education goal in a bourgeois society is to foster man into individual egoists and lethargic deformed men yielding to capitalist system. On the other hand, the goal of socialist education is to foster men into becoming talented revolutionary communist men who are possessed with independence and creativity.

Fostering the people into talented revolutionary communists who are beings possessed with independence and creativity signifies forming them into the strongest social existence, to dominate, remodel, and reform the world. In other words, this is to endlessly enhance the independent ideological awareness and creative capability of the popular masses who are masters of the state and society so they can become magnificent communist men who fulfill the responsibility and role of master.

If people are to be fostered into talented revolutionary communists possessed with independence and creativity, they must be made revolutionary, working class, and communist. The essential goal of making people revolutionary, working class, and communist is so that the people have the revolutionary ideology and communist ideology of the working class, deep knowledge, and robust physical strength.

If the people are made revolutionary, working class, and communist, they are thoroughly armed with communist ideology to realize the independence of the working popular masses. Also, they have useful living knowledge and robust physical strength in carrying out the socialist and communist cause.

A person who is made revolutionary, working class, and communist, must have high awareness of being master in the socialist and communist society to actively launch into the sacred revolutionary struggle to realize the popular masses' independence and devote all wisdom and strength in carrying out its cause to fulfill their responsibility and role.

Making people revolutionary, working class, and communist is the basic theory of socialist education because it is an inevitable demand of socialist and communist construction. The inevitability of the development of society defines the direction for the development of education, and the mission of education is to make people serve for the progress and development of society. Hence, the basic theory of education, which is to foster people and make them take charge of society, must be in accordance with the inevitable character and development of the society.

The master of socialist society is the popular masses. Socialist society develops by the united force of the

popular masses. When the popular masses have the high self-awareness and ability of the master, and comradesly unite in struggling, they become the driving force for the development of socialist society different from all exploiting societies. Thus, in order to successfully carry out socialist construction, human reform work must be stressed and people must be brought up as revolutionists, working class, and communists.

After the socialist system was established, people still had the remains of old ideologies for a long time. At the same time, the ideological penetration of the imperialists continues. To root out the remains of old ideologies and prevent the ideological and cultural penetration of the imperialists, people must be ceaselessly assimilated into revolutionists, working class, and communists. This shows that making people revolutionary, working class, and communist is an inevitable demand of socialist and communist construction, and a basic revolutionary task of the working people for the party and the country in a transition period from capitalism to socialism. Therefore, in socialist education, making people revolutionary, working class, and communist is the first priority, and must be the basic theory of socialist education.

Making people revolutionary, working class, and communist is the basic theory of socialist education because it is a means to smoothly achieve the goal of socialist education and an inevitable demand of socialist and communist construction.

The basic theory of socialist education elucidated by the great leader Comrade Kim Il-song for the first time in history has great theoretical and practical significance in today's education for mankind's educational and ideological development and for fostering communist people. The elucidation of the basic theory of socialist education integrated the educational theory of the working class into a systemized educational theory, and perfectly pictured a new human appearance to be fostered through education.

Today, the educational ideology of the respected and beloved leader [suryong] has been brilliantly succeeded and more thoroughly embodied by the great leader [yongdoja] Comrade Kim Chong-il. By the great love and care of the great leader [suryong] and wise leadership of the respected and beloved general, as many as 1.73 million intellectuals, who are the main force of socialist and communist construction, have been fostered in our country, and they are vigorously accelerating revolution and construction. This is something of which our nation is endlessly proud.

To make our country more prosperous is our people's invariable faith and will. Engraving deep in their hearts the fatherly leader's will of his lifetime, our people will firmly unite around the respected and beloved General Kim Chong-il like iron, uphold his leadership with loyalty, and succeed and consummate the chuche revolutionary cause to the end without fail.

MINJU CHOSON Observes World Health Day*SK0704101895 Pyongyang KCNA in English 1009
GMT 7 Apr 95*

["MINJU CHOSON on World Health Day"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, April 7 (KCNA)—MINJU CHOSON today observes the World Health Day.

A by-lined article of the paper says:

Thanks to the role of the World Health Organization (WHO) international cooperation and exchange in the field of health have strengthened and great achievements have been made in the efforts for saving people from diseases.

Member nations of WHO have taken steps to improve medical service for protecting and promoting the health of people, greeting the World Health Day every year.

This year WHO set the slogan "For the World Free From Infantile Paralysis".

It set itself the goal of stamping out in the world infantile paralysis which causes misfortune and pains to children, and is now waging a worldwide campaign in such a way as increasing investment in the project, intensifying scientific and technical research and dispatching specialists to various areas of the world.

It is of great significance in freeing children, masters of the future, from chronic diseases such as infantile paralysis and improving their health.

WHO worked out a strategy to protect the health of all peoples until 2000 and is now striving for its realization.

In our country a popular health policy is in force and efforts have been made to promote health of people under the wise leadership of dear Comrade Kim Chong-il. The Public Health Law and the Law on Environmental Protection have become effective in providing a legal guarantee for the improvement of people's health and environmental protection.

Korea, a member state of WHO, will protect and promote the health of people in line with the idea and principle of WHO and fully display the advantage of the Korean-style socialist system centred on the popular masses.

South Korea**Seoul 'Strong Position' on Reactor Issue Viewed***SK0704122495 Seoul SISA JOURNAL in Korean 13
Apr 95 p 35*

[By reporter Pak Chae-kwon]

[FBIS Translated Text] The ROK Government is expressing a very strong position toward providing light-water reactors to North Korea. In a speech made on 31 March after receiving a report on the activities of Pusan, President Kim Yong-sam stated decisively: "Without the ROK's donation, the project to provide light-water reactors to North Korea will fail, and the U.S.-North Korean agreement will completely break off. Unless the ROK plays the key role in the project and ROK-style reactors are adopted, we will not donate even a penny."

President Kim even mentioned that if North Korea breaks the Geneva agreement on the nuclear issue, the ROK will retaliate [ungjing]. Attending the graduation ceremonies held at the Military Academy on 22 March, at the Naval Academy on 24 March, and at the Air Force Academy on 28 March, he repeatedly warned: "If North Korea does not implement the nuclear agreement, it will not avoid retaliation by the world." That is, if North Korea recharges its Yongbyon reactor with fuel rods or resumes its operation, violating the Geneva agreement with the United States, the ROK will immediately set about applying sanctions against the North through the United Nations Security Council.

The government stresses that its current position is not "hard-line" but based on "principle." The government position is as follows: The provision of ROK-style light-water reactors was implicitly agreed upon at the Geneva agreement reached between the United States and North Korea in October 1994; all that is left is to implement it.

There are several reasons for the government to adhere to this strong position. First, as the primary sponsor that will donate a large portion of the funds, it does not want to become merely a puppet. The government believes that if the ROK does not play a role in the project but bares an enormous part of the expense, as North Korea demands, then it will be impossible to appease the people's unpleasant sentiment; in the worst case, it may have a negative influence on maintaining power. Particularly with the local elections slated for June, the government cannot help but take domestic political factors into consideration.

Another important reason is that the government is now aware it should not continuously be carried away by North Korea. If we again make concessions this time, North Korea will constantly make new demands in the future. More problems are expected to emerge before 2003 when the construction of the light-water reactors is to be completed. If the government makes concessions whenever a problem emerges, the expense of the reactor's construction will exceed \$10 billion, not \$3 billion. This is an expert analysis.

However, loud voices wonder how long the government's hard-line policy will last and if this will be of long-term help for the country's interest. This is because it is possible that the government's policy will turn moderate when a dangerous situation is created on the Korean peninsula due to the North Korean nuclear issue,

and when voices demanding negotiations become loud. For example, in March 1994, when the International Atomic Energy Agency reported it had failed to inspect North Korea's nuclear facilities, President Kim ordered the government to take strong countermeasures. In June, he stated: "There is no way other than sanctions." However, the situation changed rapidly following former U.S. President Jimmy Carter's visit to North Korea. When the United States changed its policy and resumed dialogue with North Korea, our government could not help but follow the U.S. policy.

The government's position has now become very strong again. Believing there is little room for compromise with regard to the issue of providing light-water reactors, the government has decided to adhere to "principle" while holding negotiations, thus cutting off its retreat.

It is unpredictable how the United States will respond to the ROK Government's hard-line policy. Although the government says there is no problem in the ROK-U.S. cooperation system, in light of the Clinton government's attitude toward negotiations with North Korea, it seems difficult for the United States to keep step with the ROK at 100 percent. The United States, whose goal is to freeze North Korea's nuclear program and maintain the current situation on the Korean peninsula [hanbandoesoui hyon-sangul yujihanungot], has expressed its intention to smoothly resolve the reactor issue by persuading the ROK Government as it did last year.

Accordingly, the ROK Government's repeated declaration of its strong position also implies a warning [kyonggo] to the United States; that is, it strongly demands the United States not try to easily resolve the issue by making concessions to North Korea as it did in the past. The government, as the major sponsor for the construction of the light-water reactors, intends to secure rights befitting its share of the expense.

It seems the government's hard-line policy will last until 21 April, the first deadline for signing a treaty on providing light-water reactors to North Korea. The government probably has its own measures to cope with the possible failure in negotiations. However, it cannot use this card while negotiations are being held.

A figure who was deeply involved in the government's diplomatic policies and has recently been transferred to a university stated: "It is somewhat inevitable for the government to adhere to a hard-line policy at present. However, the government should take a wide view of South-North issues." Expressing concerns about the current hard-headed situation, he stated: "It is not desirable for the government to disregard [musi] North Korea and constantly drive it into a corner." However, under the situation in which not only the president but also public opinion loudly call for a strong policy, there is no space for moderate voices.

***China Fails To Convince DPRK on ROK LWR's** 95p30077

[Editorial Report] The 23 March Seoul CHUNGANG ILBO in Korean (retrieved from the Chollian database) quoted a senior Chinese official concerning secret PRC talks with the DPRK. According to the paper, "in an effort to comply with Washington's and Seoul's requests, the PRC had tried without success to convince North Korea to accept the South Korean-type light water reactor (LWR) prior to the 25 March U.S.-DPRK Talks in Berlin." CHUNGANG ILBO reported North Korea not only clearly told China its reason for rejecting the reactor, but also expressed displeasure over China's changing Korean peninsular policy. The paper stated that North Korea told China that "South Korea and the United States are using the LWR issue to corner and ultimately destroy North Korea." Moreover, North Korea is said to have expressed anger over China's rapidly expanding relationship with the South, while its aid to and trade with the North decline. The paper concluded by saying that the traditional relationship between China and North Korea seems to be "less than warm," and it added that "the mid-March 'secret trip' to Beijing by PRC Ambassador to Pyongyang Qiao Zong-huai is closely tied to the two countries' 'cool' relationship."

DPRK Nuclear Negotiation Strategy Analyzed

SK0704115995 Seoul SISA JOURNAL in Korean 13
Apr 95 p 36

[Article by Kim Yong-ho, professor at the Institute of Foreign Affairs and National Security: "North Korea's 'Four Major Tactics' in Nuclear Negotiations"]

[FBIS Translated Text] The goal of North Korea's negotiations with the United States regarding light-water reactors is the adoption of non-ROK-style light-water reactors and the downgrading of the ROK's role. To be specific, Pyongyang wants a U.S.-style reactor, not an ROK-style. It also wants a U.S. company, not an ROK company, as the main contractor. North Korea has mapped out this goal for diverse reasons.

First, North Korea wants to prevent the possibility that the exchange of material, people, and technologies that will be facilitated when an ROK-style is adopted will exert a negative influence on North Korean society. Moreover, Pyongyang worries that the more extensively the ROK participates in the construction of light-water reactors, the more heavily the North will rely on ROK nuclear technology.

Second, North Korea strongly opposes an ROK-style in order to secure new concessions from the United States. For example, North Korea demands that assistance be given to build power lines and that simulators for training nuclear power station operators be built in North Korea. These demands are excessive in supplying light-water reactors.

Third, North Korea wants to completely exclude the ROK since it believes North-South negotiations on light-water reactors may possibly delay or hinder Pyongyang's efforts to improve relations with the United States and Japan. North Korea is trying to replace the Armistice Agreement in direct negotiations with the United States and exact war reparations from Japan in the negotiations to establish diplomatic relations. Therefore, North Korea worries that North-South negotiations may stall the on-going negotiations with the United States and Japan.

North Korea employs a variety of tactics to fulfill its negotiation goals. First, it stresses that an agreement supplying light-water reactors must be signed by 21 April, and threatens to cancel some of the measures it has already taken to freeze its nuclear activities if the United States fails to sign such an agreement. To pressure the United States, North Korea insists 21 April is a deadline, not a target date. If an agreement is not signed by 21 April, it will pass the blame onto the United States, thus finding an excuse to unfreeze its nuclear activities. Pyongyang will seek to create a new crisis by unfreezing its nuclear activities after 21 April, and thus secure concessions from the United States or the ROK.

Second, North Korea is leading the negotiations by advancing new proposals for building power lines and training simulators. These North Korean demands are exorbitant as regards the supply of light-water reactors. Nevertheless, North Korea seeks to take advantage of the modest U.S. reaction in order to secure concessions. In this way, North Korea considers the negotiations to be a never-ending deal and is making efforts to fulfill its goal in the course of implementing the North Korea-U.S. agreement.

Third, North Korea repeatedly insists it "can in no way accept an ROK-style" reactor in order to make the United States believe that Pyongyang's position is firm and cannot be compromised, thus exploring the possibility of U.S. concessions. That is, Pyongyang seeks to secure the largest concessions by dampening U.S. expectations. This negotiating tactic is a way for a small country to secure concessions from a large country by taking advantage of the fact that the large country tends to be less eager to fulfill its goal because it must put various factors in the international community into consideration.

Finally, the North Korean authorities are taking advantage of the presence of different views in the U.S. and ROK as well as different policy priorities between the United States and Japan. Pyongyang invites U.S. and Japanese politicians, scholars, former government officials, and businessmen to North Korea and has its diplomats meet these foreigners to win their support for North Korea's position. Typical examples are North Korea's contact with Westinghouse Electric Corporation, its invitation of the Japanese ruling coalition delegation, and a news conference by Pak Kil-yon, permanent representative to the United Nations.

Given the domestic situation in the ROK, the United States, Japan, and North Korea as well as the status of the on-going negotiations regarding light-water reactors, the negotiations are likely to become deadlocked. Since it will soon hold regional elections, it is almost impossible for the ROK to make concessions and agree to merely take charge of the financing. The U.S. Republicans have strongly urged the Clinton administration not to make further concessions; therefore, it is impossible for the United States to take charge of the financing. The possibility is slim at present that Japan, which has decided to resume negotiations with North Korea to establish diplomatic relations, will pay the expenses for building light-water reactors. Because it can secure more concessions from the United States, and considering its need to consolidate the Kim Chong-il system and considering the issue of extending the Nuclear Nonproliferation Treaty, North Korea will not compromise easily.

***Gradual Changes in North's KPA Leadership Seen**

95P30075

[Editorial Report] The 20 March Seoul CHOSON ILBO (retrieved from the Chollian database) predicted that the DPRK Korean People's Army (KPA) is unlikely to undergo sudden leadership changes. Citing a 15 March North Korean broadcast on the opening of the Conference of KPA Company Commanders and Political Instructors, CHOSON ILBO claimed that although signs of Kim Chong-il's circle moving into the KPA leadership are clear, sudden changes, particularly generational change, have not been detected. The list of conference attendees revealed that two vice marshals and two full generals have been added to the Central Military Commission (CMC) of the Korean Workers Party (KWP), while one colonel general has been removed. The newest CMC members are Vice Marshal Kim Pong-yul, a first-generation revolutionary; Vice Marshal Kim Kwang-chin, of the 1.5-generation; Full Generals Kim Myong-kuk and Pak Ki-so, both of the second generation. Colonel General Kim Ha-kyu, who had been a CMC member, was not on the list.

According to CHOSON ILBO, the appointment of CMC members is normally decided by the KWP Central Committee, but because there has been no sign of any recent Central Committee meetings, the date of the new CMC members' appointment is unclear. The paper noted the absence of O Kuk-yol, widely known as a close Kim Chong-il military confidant, from the CMC list. In its analysis of the conference, the paper concluded that the KWP will continue to exert its influence over the KPA and the KPA leadership will be in the hands of young and old Kim Chong-il loyalists.

North Korean Defectors Give News Conference

SK0704081995 Seoul TONG-A ILBO in Korean 7 Apr 95 p 2

[News conference by North Korean defectors Kang Myong-to, former son-in-law of DPRK Premier Kang

Song-san, and Cho Myong-chol, son of former DPRK Vice Minister of Construction Cho Chol-chun, with with ROK reporters on 6 April; place not given; compiled by reporter Kim Chae-hong; first seven paragraphs are TONG-A ILBO introduction]

[FBIS Translated Text] After holding a news conference in late July 1994 in connection with their defection from North Korea, Mr. Kang Myong-to, 37, and Mr. Cho Myong-chol, 36, again met publicly with reporters from major media organizations who deal with North Korean affairs, on 6 April. Mr. Kang used to be the son-in-law of Kang Song-san, the premier of the North Korean Administration Council who ranks second only to Kim Chong-il. He created quite a stir at last year's news conference by contending that North Korea possessed five nuclear warheads. Mr. Cho, son of Cho Chol-chun, former vice minister of construction in North Korea, was a senior instructor (equivalent to full-time lecturer in the ROK) at the Economics College of Kim Il-song University.

Introducing them once more to reporters, Chong Un-hak, director of the Research Institute of North Korean Affairs, said: "They say that they can now meet the press with confidence after having seen everything in our society."

The two defectors confided that they experienced some inner conflict and anxiety while adjusting to ROK society. They also said that they had been concerned for the safety of family they had left behind in the North.

Mr. Kang expressed skepticism with regard to the question of North Korea's acceptance of ROK-style light-water reactors, saying: "North Korea has propagandized that the ROK cannot even produce a hammer without the help of the United States or Japan. Under such circumstances, can North Korea announce that it will import atomic reactors, which require the highest-level of science and technology, from the ROK?" Mr. Cho added: "North Korea will probably drive the question of ROK-style light-water reactors into a difficult situation of conflict, and then, will ultimately settle the question by claiming that Kim Chong-il resolved it."

Mr. Kang revealed: In order to write a film scenario on the Korean War, Yi Chin-u, a renowned scriptwriter in North Korea, was given sole access to read the written dialogues between Kim Il-song and Stalin at the "State Archives." In the process, he came to realize that the North Korean Army had invaded the South and, in disseminating this information, was taken to a detention camp of the State Security Department and executed.

As for North Korea's reform and opening up, Mr. Kang, who once was a high-ranking official at the branch office of North Korea's external trade agency in the PRC, said: "A university of commerce has been established in the Najin-Sonbong area. Residents there are being replaced by those with better class origins. Seventy percent of the residents in Sonbong are settlers from outside areas."

Mr. Kang identified the leading agency for the opening of North Korea as the Administration Council "which is responsible for production"; and the leaders of opening up as Premier Kang Song-san, and Vice Premiers Kim Hwan and Choe Yong-nim. He said that the group of confidants of Kim Chong-il is composed of those in the second-generation of the revolution who are called "vice office directors" of the party Organization [and Guidance] Department. There is a group of loyal guards of Kim Chong-il reportedly composed of Kang Sam-chun, Yi Myong-chae, Yi Chae-kang, Yi Chol (presently North Korean ambassador to Switzerland), and Chang Song-taek; and those who are senior to them in rank, such as O Kuk-yol, Kim Kuk-tae, and Han Song-yong. According to him, the news report that Kim Chol-su is the eldest son of Kim Yong-chu [North Korea's vice president] is not true.

Questions and answers follow:

[Unidentified reporter] In your press conference held last year, you said that North Korea possessed five nuclear warheads. Do you still think so?

[Kang Myong-to] North Korea's nuclear technology is far more advanced than is known to the outside world. Last year, upon inspecting about 8,000 nuclear fuel rods of North Korea, a group of U.S. technicians predicted contamination and radiation emissions after September 1994. In spite of this, wasn't it revealed that the fuel rods proved to be in good condition even in December?

[Unidentified reporter] There is a rumor that Kim Chong-il and Kim Pyong-il [Chong-il's half brother] do not get along....

[Kang] People have been expelled to local regions for just shaking hands with Kim Pyong-il. People kept their distance from him even in 1986 when he was vice director of the Operations Bureau of the Ministry of People's Armed Forces.

[Cho Myong-chol] I know Pyong-il well because we were classmates at Namsan School. In 1971, when we were graduating from the Namsan School, Kim Song-ae [Pyong-il's mother] showed up and said that "Chong-il should be entrusted with the party and Pyong-il should be made responsible for the military." Now, however, teachers who taught Pyong-il have been expelled to local regions.

[Unidentified reporter] You mentioned that you went through a period of inner conflict.

[Kang] I had originally sought refuge in the United States via Germany and other European nations, not via the ROK. This is because if a North Korean seeks refuge in the ROK, one is completely regarded as a traitor and one's family is sent to a detention camp. I didn't want to give a news conference until my family was moved to a safe place. Living in a safe house, I saw cases of murder, robbery, and rape almost everyday on TV, and I felt

apprehensive about whether I would be able to live freely here. Now, I have gained some peace of mind.

Seoul Denies Russian Vessels To Reinforce Navy
SK0704031195 Seoul YONHAP in English 0302 GMT 7 Apr 95

[FBIS Transcribed Text] Seoul, April 7 (YONHAP)—South Korea denied Friday reports that Russian decommissioned Naval vessels to be brought into the country by a local trading firm could be used for reinforcement of South Korea's Naval Forces, saying "It (the purchase of the Russian vessels) is being undertaken for a purely commercial purpose on a private business basis."

"The Russian vessels will be deprived of weapons and communications equipment before being delivered to us in accordance with the contract which bans the vessels from being used for a military purpose," said a ministry spokesman.

"The aircraft carriers to be brought in the country will have to be scrapped in front of Russian supervisors," said the spokesman. "Therefore, it is impossible for the vessels to be used for things other than scrapped metals."

The American economic daily WALL STREET JOURNAL had reported Wednesday that the introduction of the decommissioned Russian vessels could reinforce Naval forces in South Korea.

Conflict Emerges Over U.S. Chocolate Imports
SK0704120295 Seoul KBS-1 Radio Network in Korean 1100 GMT 7 Apr 95

[FBIS Translated Text] While the issue regarding the import of U.S. citrus fruit is likely to develop into a trade dispute between the ROK and the United States, the U.S. Government has demanded the immediate clearance of U.S. chocolate that does not abide by the ROK's clearance regulations, creating a new factor in the trade conflict between the two sides.

The Foreign Ministry stated today that the U.S. Trade Representative [USTR] has demanded the immediate clearance of five container-volumes of U.S. chocolate whose clearance is being delayed because it violates our clearance regulations. The USTR also demanded the immediate clearance of an additional 15 container-volumes of the same item that is supposed to arrive in the ROK by late July.

A government official stated: The chocolate in question produced by the U.S. firm Mars contains less than 20 percent cocoa. According to the ROK Food Sanitation Law, this item is to be named a kind of chocolate. However, it is labeled as simply chocolate. Thus, it is impossible for this item to be cleared unless the U.S. chocolate manufacturer changes its name.

The official also stated: The United States indicated that if our government does not immediately clear the item

through customs, such measures as filing a lawsuit with the World Trade Organization will be inevitable.

The official pointed out: An overall large amendment of our country's clearance regulations is needed since these contain many problems that may cause trade disputes between the ROK and the United States in various fields in the future.

Dailies Review U.S. Pressure To Open Markets
SK0704012795

[FBIS Editorial Report] The following is a compilation of articles and an editorial carried in 6 April Seoul vernacular newspapers on the U.S. measure of filing a complaint against ROK's trade practices with the World Trade Organization, WTO.

The conservative CHOSON ILBO carries on page 2 a 600-word article by Washington-based correspondent Chong Hae-hyong. The article cites U.S. Trade Representative Mickey Kantor as "asking the ROK to open markets in an unprecedentedly harsh tone at a public hearing held at the U.S. Senate on 4 April," adding that "the United States is applying pressure on the ROK to open markets through the WTO, in tandem with other trade-related pressure on the ROK."

The article interprets "Kantor's ultra-hard-line remarks" as "a declaration that the United States will no longer adhere to the traditional, friendly relationship with the ROK in the economic field, thus separating security-diplomatic ties from economic ties." Citing the upcoming visit to the ROK by Toby Roth, chairman of the Economic Policy, Trade, and Environment Subcommittee of the U.S. House of Representatives, to "strongly ask the ROK side to open markets," the article continues, the ROK will be caught "in 'a cross fire' from the U.S. Administration, Congress, and the Democratic and Republican Parties."

The moderate HANGUK ILBO carries on page 3 a 500-word article by reporter Yi Chong-chae also citing U.S. Trade Representative Kantor as "strongly complaining about the ROK customs authorities' inspection procedure" on U.S.-produced oranges, which are decaying at a ROK port.

Citing ROK trade officials as unanimously advising to cope with the latest U.S. decision to file a complaint with the WTO "with a serene state of mind," the article construes the U.S. decision as meaning that the United States is asking the WTO to solve relevant trade issues with the ROK because it is experiencing difficulties conducting further negotiations with the ROK.

The independent moderate MAEIL KYONGJE SINMUN carries on page 4 a 1,500-word article by Washington-based correspondent Kim Tae-ho that the U.S. measure of filing a complaint with the WTO is "not a good omen for ROK-U.S. trade relations," and it damages ROK's status in the international economic

community. The article quotes U.S. Trade Representative Kantor as criticizing the ROK as "the country with the highest non-tariff barriers in the world."

The moderate MUNHWA ILBO carries on page 2 a 900-word editorial reporting that "the U.S.'s one-sided, high-handed attitude is becoming the target of criticism in various parts of the world," adding that such an attitude by the United States, the world's only super power following the Soviet Union's collapse, is arousing a considerable amount of concern over the direction of the "new world order" that has been advocated by the United States since the early 1990's.

On the U.S. measure of filing a complaint with the WTO on ROK inspection regulations of agricultural products, the editorial contends that "the U.S. measure is hardly understandable," while faulting the ROK for assuming "an excessive, one-sided low-profile posture toward the United States" compared with the PRC or Japan.

The editorial concludes that "all countries, including the United States, should exercise caution against an excessive expression of nationalism [kukka usonjuui], because this cannot contribute to 'just world peace.'"

Dailies React to U.S. Seeking WTO Action

SK0704062095

[FBIS Editorial Report] The following is a compilation of articles and editorials carried in 7 April Seoul vernacular newspapers reacting to the United States seeking World Trade Organization, WTO, action against the ROK's quarantine and sanitary testing procedures of imported agricultural products.

The conservative CHOSON ILBO carries on page 3 an editorial entitled "What? U.S. Oranges Are Going To Rot?" Referring to the U.S. allegation of Seoul's "delayed customs clearance procedures," the editorial expresses that "we are not only surprised, but also disappointed, at such a hasty and emotional measure sought by the United States." Pointing out Seoul's voluntary action to shorten procedures normally lasting 25 days to five days, the editorial denounces U.S. Trade Representative Kantor for lashing out at ROK trade practices.

Noting the fact that the United States notified the WTO of its move against Seoul even though there was opportunity for bilateral negotiations and concessions, the paper notes that "this hints that the U.S. grudge did not stem from the quarantine testing of oranges." The paper urges the government to analyze the U.S. sudden change of heart from various angles and to take appropriate measures.

CHOSON ILBO carries on page 5 a 700-word article by Kim Chol-ho sketching the ROK Government's reaction to the U.S. application for "fast-track consultation" under WTO rules. The article reports that the government is "perplexed" over why the United States chose to

file a lawsuit with the WTO when Seoul took a series of actions to expedite customs clearance procedures. The article quotes a trade official as saying that the U.S. WTO action seems to be "a card pulled out to appease the Republican-dominated Congress."

CHOSON ILBO also carries on page 5 a 700-word article by Washington-based correspondent Chong Hae-yong on Washington's stance on this issue. The article notes that even though the United States filed a lawsuit with the WTO, it is simply seeking to confirm the changes in ROK regulations through bilateral consultations before following through with the WTO dispute settlement procedure.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial entitled "Do We Have 'Trade Policy'?" The editorial contends that "it is a matter of course that the ROK Government, as a sovereign state, takes a measure to strengthen the tests on pesticide residue on imported agricultural products." The editorial denounces the government for shifting quarantine and testing procedures into a "clearance-first and testing-later system" to "appease the fuming United States." The editorial further deplores that the ROK Government is always "at a loss" whenever the United States brings up the trade issue. The editorial then calls on the government to make thorough preparations for and to assume a firm stance in negotiations with the United States since "nontariff barriers" raised by the United States is linked with a sovereign state's self-esteem.

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word article by Yi Pyong-kwang entitled "The Government's View Toward U.S. WTO Action." The article reports that trade officials are yet to view the U.S. move as "a crisis" since the chances of activating the dispute settlement body within the WTO over this issue is "very slim." The article quotes trade officials as saying that it would take about 18 months for any consultation to be concluded and up to three years before economic sanctions were implemented if a country is found to be guilty. The article continues that even though "it takes a long time and the United States would have to experience complicated procedures to settle the trade issue through the WTO," the United States brought up the issue to the WTO to "teach Seoul a lesson and induce it to confirm the changes in its export and import system on a full scale." The article points out that trade officials also analyze that the United States, in its search for a scapegoat, found an easy target in the ROK to set an example to other countries, such as China and Japan with which there are major issues outstanding. The article concludes that with the recent WTO action the United States will pry open other Asian countries' markets.

Trade Minister Discusses Citrus Customs Issues

SK0704080295 Seoul YONHAP in English 0754 GMT 7 Apr 95

[FBIS Transcribed Text] Seoul, April 7 (YONHAP)—International Trade and Industry Minister Park Chaeyun said Friday that he did not think that the issue on the

delay in customs clearance of American fruits at Korean ports needs to be solved through multilateral negotiations.

He was responding to questions raised by reporters at a news conference for foreign journalists here about the recent move by the United States to bring the case to a fast-track dispute settlement panel in the World Trade Organization (WTO).

He said that he considered that the dispute could be settled through bilateral negotiations because South Korea recently introduced a new customs clearance system in which fruits and other perishable foods can pass through the customs before undergoing sampling inspection to head off any possibility of such perishable goods decaying at ports.

Park also said that the government reduced the inspection period to five days from the current 25 days.

On the country's contribution to the development of developing countries after it joined the Organization for Economic Cooperation and Development (OECD), he said that the Seoul government will try to play a role commensurate with its national power.

He, however, failed to elaborate on when and how much to increase the contribution citing the need to negotiate with relevant government agencies on the issue.

He hoped that South Korea will increase exports to Japan rather than reduce imports from Japan to narrow the trade deficit with Japan.

He proposed that Japanese parts makers invest in Korea and that the joint ventures export their parts to Japan at a time when the Japanese yen continues to be strong.

He expected that both countries will benefit from such project with Japan importing less expensive parts from Korea and Korea narrowing trade deficit with Japan.

U.S. Trade Dispute 'Likely To Be Settled Soon'

SK0704041595 Seoul KBS-1 Radio Network in Korean 0300 GMT 7 Apr 95

[FBIS Translated Text] The trade dispute between the ROK and the United States over citrus imports is likely to be settled soon. As regard to the request made by the United States for bilateral consultations at the World Trade Organization [WTO] regarding our quarantine and testing procedures of imported agricultural products, our government has informed the United States that there is no need for expedited negotiations since the ROK has already brought in the clearance-first and testing-later system and conducted the drastic curtailment of the quarantine time for perishable agricultural products. In response to this, the United States reportedly said that it will positively assess our government's stance. Sources in Washington predict that the United States will settle this issue through bilateral consultation

without activating a three-member panel of the WTO dispute settlement body for arbitration.

USFK 'Rejection' of Inspections of Imports Noted

SK0704113595 Seoul MAEIL KYONGJE SINMUN in Korean 7 Apr 95 p 2

[Article by reporter So Yang-won: "U.S. Forces in Korea Have Rejected Food Inspections for 11 Years"]

[FBIS Translated Text] It has been learned that, violating the international principle of equity, the United States has been applying unjust pressure on the ROK by continuously applying U.S. law to foods it supplies to the U.S. Forces in Korea [USFK], even though the United States observes the respective laws of Germany and Japan when supplying its own food to soldiers or citizens residing in Germany and Japan.

In this connection, since 1984 our government has repeatedly requested [yoguhaetchiman] that all goods imported from the United States undergo inspections just as all agricultural and fishery products imported from the United States undergo inspection procedures. However, such a request has been ignored [muksaltowatta] for 11 years.

This was revealed as the result of a comparison made by the Irregularities Prevention Committee of the Board of Audit and Inspection [BAI] between our situation and the agreements Japan and Germany reached with the United States on the treatment of agricultural and fishery products and other foods.

According to an analysis of the Irregularities Prevention Committee, in the case of Germany, where NATO troops are stationed, Germany reached "a supplementary agreement on the status of NATO troops" with the United States; as a result, Germany provided a way to conduct strict relevant sanitary inspections of food supplied to NATO troops. In particular, included in this agreement is a proviso stipulating that in case the regulations in the agreement on NATO troops turn out to be not so strict, then German law will apply, thereby providing a thorough guarantee that the regulations of German law can be applied.

At "the U.S.-Japanese Joint Committee," Japan also signed with the United States a similar agreement guaranteeing that without exception and on a compulsory basis, food imported for the U.S. forces in Japan will undergo inspection procedures, while other foods and imported goods are given equal treatment. What is noteworthy is that this agreement even provides a safety device for protecting the health of the Japanese by making the United States bear the relevant financial burden in case disease germs from goods imported from the United States spread to other areas of Japan.

In contrast, since 1984 our country has requested a revision of the SOFA [Status of Forces Agreement], pointing out that the agricultural products supplied to

the USFK may carry toxic material or disease germs. However, due to U.S. rejections, our country has so far failed to conduct relevant inspections. Under these circumstances, the reality is that all goods supplied to USFK soldiers are imported into the ROK without undergoing any sanitary inspection procedures.

In this connection, one high-ranking BAI official concerned stated: "Germany and Japan, which have had to pay war reparations as defeated countries, maintain an equal footing with the United States in a dignified manner. In contrast, our country, which was not a defeated country and which claims to be a friendly nation of the United States, cannot apply its own laws to the inspection of food. The pertinent government agencies, such as the Ministry of Public Health and Welfare; the Ministry of Agriculture, Forestry, and Fisheries; and the Ministry of Foreign Affairs should make relevant rectifications concerning this question from the standpoint of assuming responsibility for the citizens' health."

Meanwhile, this question has been brought up under circumstances in which the U.S. Government has requested [yogu] a considerable amount of compensation for a certain lot of land while using the site for the U.S. Embassy free of charge. Therefore, this question is being regarded as another example of the United States' "one-sided diplomacy toward the ROK." As a result, it remains to be seen what kind of position our government will assume with regard to such a question. The U.S. Government has filed a complaint to the World Trade Organization over our country's inspection procedures for U.S.-produced agricultural products such as oranges. Under these conditions, it has been disclosed that the United States has avoided undergoing inspection procedures of its own food for as many as 11 years, emphasizing that such food is supplied to USFK soldiers and diplomats.

Consumers Polled on Preference for Foreign Goods

SK0604143395 Seoul MAEIL KYONGJE SINMUN in Korean 6 Apr 95 p 1

[FBIS Translated Text] A recent survey revealed that ROK consumers are gradually showing increasing satisfaction with locally produced goods as compared with their previous attitude of blindly preferring foreign goods.

According to "A Survey on the ROK Consumers' Concept of Foreign Goods" made of 1,011 consumers in five major cities—namely Seoul, Pusan, Taegu, Kwangju, and Taejon—and jointly conducted by MAEIL KYONGJE SINMUN and (Franks) and Associates, a specialized survey organization, 31 percent of respondents said they will not buy foreign goods even if the local market is opened completely, thus reflecting the growing consumers' satisfaction with locally-produced goods.

However, 36 percent of respondents said they wish to buy foreign electric home appliances, and 13 percent wished to buy foreign cars, thus showing a high preference for some foreign goods.

As regards the consumers' image of goods by country, 60 percent of respondents said the price of locally-produced goods is the most reasonable compared with the price of goods of advanced countries, thus showing that locally-produced goods are competitive in price; 65 percent of respondents said they feel at home using locally-produced goods, supporting the consumers' preference for locally-produced goods.

In the survey on the consumers' preference for goods by country, 63 percent named Japan, 43 percent named Germany, 38 percent named the United States, and 17 percent named the ROK.

As for those countries consumers think make particular goods well, for cars 53 percent of the respondents named Germany, 48 percent named Japan, 41 percent named the United States, and 13 percent named the ROK; for electric home appliances, 86 percent named Japan, 20 percent named Germany, 19 percent named the United States, and 17 percent named the ROK.

Meanwhile, as for foreign goods which come to the consumers' mind first, over 50 percent of respondents named electric home appliances.

Ruling Disputes Constitutionality of NSL

SK0704001495 Seoul THE KOREA TIMES in English 7 Apr 95 p 3

[FBIS Transcribed Text] In a landmark ruling hitting the constitutionality of the National Security Law [NSL], a Seoul appellate court judge ruled yesterday that those who make assertions identical to North Korean propaganda against the South should not be punished, if they are not aimed at benefiting the enemy.

With the ruling, Senior Judge Yi Sin-sop acquitted Yi Chaong-pok, 47, standing chairman of "Chongukyonhap" [National Alliance for Democracy and Reunification] or a national alliance of dissidents groups, of violating the stiff law.

The senior judge said in his verdict that the defendant should not be punished because an individual's "freedom of ideology and expression must be ensured."

A lower court sentenced Yi to 10 months in jail last year for organizing the pan-national unification rally last August and supporting the North's formula. Yi was released immediately.

The prosecution said that it will immediately appeal, citing that the ruling doesn't take into consideration special circumstances the nation faces and runs counter to previous judgments in similar cases.

Judge Yi said that Yi's consent to the North's unification formula and opposition to the government's monopoly on contacts with the North, contained in his publication, can be considered as a free expression of one's personal political opinion.

"Since he didn't advocate the use of violence and other illegal means to overthrow the government or disturb the constitutional order, he couldn't be subjected to prosecution based on the sole reasoning of the similarity between his opinion and the North's policy," the judge said.

The ruling is seen as one of the most progressive interpretations of a National Security Law provision that makes it possible to imprison up to seven years an individual who is engaged in anti-government activities and those sympathetic to North Korea.

The judge went on, "The overly extensive interpretation of the controversial provision is risky and may ensue the unwarranted consequences if cases like Yi are ruled in violation of the existing law. [no closing quotation mark as received]

He, however, admitted to the possibility that the ruling may cause confusion on the government's policy on North Korea, which he said is squarely based on the National Security Law.

But the appellate court sentenced Yi to a fine of 1 million won for violating the Law on Assembly and Demonstration.

Yi was arrested and charged for setting up an organizing committee for the anti-government rally and attempting to stage it last August without government disapproval authorization.

* Article Views Presidential Staffers' Influence

952C0084A Seoul CHUGAN MAEGYONG in Korean
1-8 Feb 95 pp 34- 37

[Article by reporter Chon Yong-kwon: "Presidential Aides"]

[FBIS Translated Text] The power of the Chongwadae Secretariat has not diminished. It only seems that way because the secretaries have the president at the closest quarters and, what is more, they play the role of a connecting link between the president and the administration and others in all his policy-making process. This is where lies the source of their pride.

President Kim hosted a year-end luncheon meeting at the main hall of Chongwadae on 28 December last year.

Words were exchanged on many topics because the meeting came on the heels of the reshuffle of the president's secretarial staff and the sweeping cabinet reshuffle consequential to the restructuring of the administration.

The first topic concerned the secretary general of the presidential staff. Explaining why he chose Han Sung-su

as secretary general, the president said, "He is the person best fitted to the job, and I have long entertained that opinion."

The second topic concerned the creation of the Office of Policy and Planning and its function. Explaining the reasons for the establishment of the new office, the president said: "The Office of Policy and Planning has been created because education is so important. Reform of the National Assembly and education are always among the top priority goals for social reform as perceived by the general public." The president took the opportunity to reiterate his position that there could be no progress without educational reform.

The third topic concerned the position of the special assistant for political affairs. When a reporter asked about the significance of the appointment of former Presidential Secretary General Pak Kwan-yong as special assistant for political affairs, the president briefly said, "There is no need to attach any meaning to it."

The fourth topic concerns the criteria used in selecting the Chongwadae staff. The president said: "Cabinet ministers, vice ministers, agency directors, and all other high-ranking officials must be clean and have dignity. By the same token, members of the Chongwadae staff must be clean. They must be flawless as far as ethics is concerned. That is the most important criterion used in the selection."

Among other topics, when asked about the ranking order in the secretarial staff, the president said, "The secretary general and all the senior secretaries are equals."

The Chongwadae staff is called the powerhouse of the powerhouse. Under the authoritarian government of the past, the Chongwadae secretariat was shrouded in secrecy. It was known as "an outfit for which there is no such word as impossible." It was in those days that there circulated the saying, "Chongwadae can do anything except changing a woman into a man."

But things have changed since the civilian government took over. The secretariat has metamorphosed from "an object of fear" into "the quiet staff for policy assistance."

Even now, in some cases when a passenger tells the taxi driver to take him to Chongwadae, the driver may ask whether it is possible at all to enter the gate. But Chongwadae is now "an open ground" to all intents and purposes.

Nevertheless it does not mean that the authority of the Chongwadae Secretariat has diminished. This is because the secretaries work for the president at the closest quarters, and what is more, play the role of a link between the president and the administration and others concerned and assist him in all his policy-making process. Herein lies the source of its pride. In bygone days the excessive pride of the Secretariat was a problem, but now its pride is backed up by its capability and hard work.

Homes Connected by Hotline

The presidential secretaries are very busy because their activities revolve around the daily schedule of the president. Normally, the office hours begin at 7 o'clock in the morning, with a meeting by the staff of each secretary to discuss materials to be presented to the president. This is followed by a meeting of the staff of each senior secretary at 8 o'clock. At 8:45 the secretary general presides over a meeting before presenting reports to the president beginning at 9 o'clock.

The secretaries' daytime schedules are packed with activities relating to their inherent duties such as consultations with ministries concerned. Their evening schedule is also busy, and only after the president retires to his official residence do they feel free to leave their offices.

For the senior secretaries, that is not the end of the day's activities. Their homes are connected to the Chongwadae by a hotline. They do not know when the president is going to give them a ring. One of them jokingly said, "I would say the job is something worth trying to have if only there were not the hotline."

How to set up the organization of the presidential secretariat is at the discretion of the president. The number of secretaries is fixed by the table of organization determined by presidential decree. The number is fixed, but the organization is flexible and can be changed as necessary. To cite a typical example, late last year the Office of Education, Social, and Cultural Affairs was replaced by the Office of Policy and Planning.

Currently, the size of the personnel of the Secretariat is set at 377, comprising all the senior secretaries, secretaries, administrative officers, and other officials with the ranks of Grade 6 and below. The number of Grade 1 through 3 officers with the rank of secretary is limited to 50, although, needless to say, the actual number far exceeds this limit. This is because there are officials temporarily assigned to the Secretariat from various branches of the administration. The Presidential Security Force is an entity separately organized under the Law on the Office of the Presidential Security Force. At a glance, the organization of the Secretariat looks simple, but it is organized in such a way that it can play the role of a "miniature government." Under the secretary general, there are 10 offices of senior secretaries, and under each senior secretary, there are offices for different fields.

The rank of the secretary general is equivalent to a cabinet post, the rank of a senior secretary is equivalent to that of vice minister, and the ranks of secretaries ranging from Grade 1 through 3. Under each secretary, there are administrative officers who handle office routine. Pak Kwan-yong, special assistant to the president—the office just established anew—is equal to a cabinet minister in rank.

Currently, under the Office of the Secretary General, there are the different offices for: political affairs; economic affairs; foreign and national security affairs; government affairs; petitions and information; policy and planning; agriculture, forestry, and fisheries; and administrative affairs. There is also the office of protocol. Each senior secretary's office has jurisdiction over a certain number of ministries depending on the nature of its duty. There are also Annexes I and II, and the Office of the Special Assistant to the President.

- The Office of the Secretary General is in charge of planning and coordination, and government affairs, in addition to the supervision of the Secretariat as a whole.
- The Office of Political Affairs handles matters relating to the National Assembly and political parties and is in charge of surveys and collections of materials necessary for the adoption and coordination of policies. Assigned to this office are the first and second political affairs secretaries, and different secretaries for policy survey, information, and social and women's affairs.
- The Office of Economic Affairs performs duties relating to economic affairs, such as economic coordination, industry and trade, economic structures, construction and transportation, and science and technology, and information. In addition, it handles matters relating to public health, environment, labor relations, and employment. A planning group for upgrading our national competitiveness is at work as a separate group under this office. The group has five teams dealing with matters relating to: deregulation, the information society, the distribution system, traffic congestion in major cities, and planning for social overhead capital (SOC) investment. This group, organized by expanding the old SOC planning group, has a limited term. But it is expected to last for quite some time until its goals are attained.
- The Office of Foreign and National Security Affairs is in charge of matters relating to foreign relations and international security, national defense, and national unification.
- The Office of Government Affairs handles matters relating to the streamlining of state administration, in addition to business relating to general state administration, local government administration, public security administration, and public life.
- The Office of Petitions and Information watches the trends of public sentiments, handles civil complaints and petitions, and collects public opinion. In addition to its overall duty, this office handles matters relating to the discipline of government employees and social discipline and offers advice on legal affairs.
- The Office of Information is in charge of public relations while performing the role of an official spokesman for the Office of the President.

The Office of Policy and Planning handles long-range state planning with an eye toward the 21st century, and matters relating to education.

- The Office of Agriculture, Forestry, and Fisheries Affairs handles agricultural, forestry, and fisheries affairs. It is in charge of the development of farm and fishing communities and the welfare of farmers and fishermen.
- The Office of Administrative Affairs provides administrative support in areas such as the personnel affairs and budget of the Secretariat, manages its property and facilities, and makes emergency planning.
- The Office of Protocol prepares presidential itineraries, interviews, and ad hoc official functions and is in charge of presidential documents.

The caliber of presidential staffers is truly above par compared with the level of people in respective fields. In other words, they are among "eminent" personages in the country. Their backgrounds may roughly be classified into former bureaucrats, politicians, researchers, and academicians.

Chang Hak-no, chief of Annex I to the Office of the President, was formerly an assistant to the DLP presidential candidate. Kim Ki-su, chief presidential retinue officer, was an assistant secretary to the DLP president. Chong Pyong-kuk, chief of Annex II, was a member of the Secretariat of the DLP president.

Yi Won-chong, senior secretary for political affairs, and Hong In-kil, senior secretary for general affairs—who may be called members of the inner-circle loyalist group—are former politicians. So are Pak Yong-hwan, secretary in charge of press support at the Office of Information (director of the Chunchu Hall); and Yi Song-hon, secretary in charge of social and women's affairs. In addition, Yun Won-chung, first secretary for political affairs, was the deputy director of the DLP Political Education and Training Institute. Kim Chae-sok, secretary for personnel and financial affairs, was the director of the DLP Organization Bureau General Affairs Bureau. Kim Tae-hwan, who is in charge of logistics, is a transferee from the Office of the DLP President.

Staff With Well-Mixed Backgrounds

Among former members of research institutes and professors are: Yun Chang-hyon, secretary for science and technology, (former director of the Research Institute for Production Technology); Pak Son-ku, secretary for labor-management relations, (former deputy director of Korea Labor Research Institute); Chong Se-hyon, secretary for unification affairs, (former deputy director of the Research Institute for National Unification); Hwang Song-ton, third secretary for political affairs, (former director of research and planning, the Research Institute for Government Administration); Choe Yang-pu, senior

secretary for agriculture, forestry, and fisheries affairs, (former deputy director, Research Institute for Rural Economics); and Yi Chong-hwan, secretary for farm and fishing communities development, (director of rural community development, Research Institute for Rural Development). Among former professors are: Pak Se-il, senior secretary for policy and planning, (Seoul University); and Chon Pong-kun, secretary for international security affairs, (lecturer at Seoul University).

Among former journalists are: Yun Mu-hyok, secretary for historical materials on government, (MINJU ILBO); Kim Chol, second secretary for political affairs, (CHOSON ILBO); and Kim Ki-tok, secretary for video media, (Korean Broadcasting Corporation).

Chon Song-chol, first secretary for policy, was a lawyer specializing in international law at Kim & Chang Law Offices. Pak Chin, secretary for overseas information, was a research member of the MacArthur Foundation. Cha Ki-mun, secretary for national defense, was the commanding officer of the 37th Division as a major general. Kim Pyong-kol, secretary for emergency planning, was the commanding officer of the ROTC.

Former bureaucrats with ranks from vice minister down to Grade 5 account for the largest portion of the secretaries. They come from a wide range of government services, such as different ministries, district prosecutor's offices, police, the Agency for National Security Planning (NSP), and the Seoul Municipal Government.

By age, those in their 40's and 50's are the dominant group. When it comes to the educational backgrounds, graduates of Seoul University are the highest number. There are quite a few graduates of U.S. universities. Those with a doctor's degree number 13.

The Staff of the Executive Office of the President (Each entry gives name, position, age, birthplace, schooling with degree if any, and last job in that order)

—Office of the Secretary General

- Han Sung-su, secretary general, 49, Chunchon; Yonsei University Department of Political Science and Foreign Relations; PhD in economics from York University, Great Britain; ambassador to the United States.
- Kim Kwang-nim, secretary for planning and coordination, 47, Andong; Yonnam University Department of Economics, master of economics from Harvard; overseas cooperation officer, Economic Planning Board (EPB).
- Yun Mu-han, secretary for governing data, 52, Taegu; Koryo University Department of History and graduate school; MINJU ILBO editor in chief.

—Office of Political Affairs

- Yi Chong-won, senior secretary, 55, Samchok; Koryo University Department of Economics; vice minister of information.

- Yun Won-chung, 1st secretary for political affairs, 51, Hampyong; Yonsei University Department of Political Science and Foreign Relations and Graduate School of Government Administration; deputy director, LDP Political Education and Training Institute.
- Kim Chol, second secretary for political affairs, 50, Seoul; French Department, University of Foreign Studies; director, International Department, CHOSON ILBO.
- Hwang Son-pyo, first secretary for information, 55, Chorwon; Seoul University Law School; information policy officer, Ministry of Information.
- Yi Pyong-sok, second secretary for information, 43, Yongil; Koryo University; director, Korea Institute for Policy Studies.
- Yi Song-hon, secretary for social and women's affairs, 37, Yonggwang; Yonsei University Department of Physical Education and Graduate School of Government Administration; deputy director, DLP Presidential Secretariat.

—Office of Economic Affairs

- Han Yi-hon, senior secretary, 50, Kimhae; Seoul University College of Commerce; vice minister, EPB.
- Kim Chong-kuk, secretary for finance and economics, 48, Pusan; Seoul University College of Commerce; director, People's Livelihood Bureau, EPA.
- Yun Chin-sik, secretary for finance, 49, Chungju, Koryo University Department of Business Administration, master's degree from Pennsylvania State University, USA; director of international finance, Ministry of Finance [MOF].
- Chu Chun-sok, secretary for industrial information, 48, Pusan; Seoul University College of Commerce and University of Oregon, USA; director of trade policy, Ministry of Trade, Industry and Energy.
- Yun Chang-hyon, S&T secretary, 46, Seoul; Seoul University Department of Mechanical Engineering, doctorate in engineering from (Lucas—phonetic) University, USA; director of Institute for Production Technology.
- Yi Pu-sik, secretary for construction and transportation, 50, Seoul; Seoul University Department of Foreign Relations, PhD in government administration from Chungang University; director of planning and coordination, Ministry of National Construction.
- Pak Son-ku, secretary for labor-management affairs, 48, Seoul; Seoul University Department of Mathematics, PhD in economics from University of Minnesota, USA; deputy director, Korea Labor Research Institute.
- Choe Son-chong, secretary for public health & environment, 51, Tonghae; Koryo University Department of Economics; director of public health, Ministry of Health & Social Affairs.

—Office of Foreign and National Security Affairs

- Yu Chong-ha, senior secretary, 58, Andong; Seoul University Department of Political Science; ambassador to United Nation.
- Chong Se-hyon, secretary for unification affairs, 50, Manchuria; Seoul University Department of Foreign Relations, PhD in political science; deputy director, Research Institute for National Unification.
- Yu Myong-hang, secretary for foreign affairs, 49, Seoul; Seoul University Law School; spokesman, Ministry of Foreign Affairs [MOFA].
- Cha Ki-mun, secretary for national defense, 51, Hapchon; Military Academy; commanding officer, 37th Division.
- Chon Pong-kun, secretary for international security & overseas Koreans affairs, 37, Pusan; Seoul University Department of Foreign Relations, PhD in political science from University of Oregon, USA; lecturer, Seoul University Department of Foreign Relations.

—Office of Government Affairs

- Yi Ui-kun, senior secretary, 56, Chongdo; Yongnam University Department of Economics; governor of North Kyongsang Province.
- Yang Chong-sok, secretary for local government administration, 47, Taegu; Seoul University College of Agriculture; director, Local Economics Bureau, Ministry of Home Affairs.
- Kim Chong-min, secretary for general government administration, 46, Kimchon; Seoul University Law School and Humphrey Graduate School, University of Minnesota; director, Protocol Bureau, Ministry of Government Administration.
- Kim Tok-sun, secretary for administrative security, 54, Seoul; Yonsei University Law School; director of police, North Cholla Province.
- Sin Hyon-ung, secretary for culture and sports, 52, Koesan; Seoul University Department of Geography and graduate school; director of language publication, Ministry of Culture & Sports.
- Kim Pyong-mun, secretary for people's livelihood, 56, Samchonpo; Songyungwan University Graduate School; assistant to 1st minister of state for political affairs.

—Office of Petitions and Information

- Kim Yong-su, senior secretary, 52, Inchon; Seoul University Law School; NSP 1st deputy director, and director, Research Institute for Juvenile Culture.
- Yu Chae-ho, secretary for petitions and information, 55, Chonwon; Koryo University Law School, and London University School of International Politics, Great Britain.
- O se-chon, civil petitions, 42, South Chungchong Province; Yonsei University Department of Journalism and Broadcasting; deputy director of administration, Presidential Transition Committee.
- Kim Kil-hwan, first secretary for administrative oversight, 51, Yangpyong; Seoul University Law School; 1st director of policy research, DLP.

- Pae Chae-uk, 2d secretary for petitions & information, 50, Yangsan; Seoul University Law School and University of Michigan Law School; senior prosecutor, Felony Department, Prosecutor-General's Office.
- Kim Chin-hwan, secretary for legal affairs, 47, Puyo; Seoul University Law School and Freiburg University, Germany; director, Criminal Division IV, Seoul District Prosecutor's Office.

—Office of Information

- Yun Yo-chon, senior secretary, 55, Nonsan; Tanguk University; 3d special assistant, NSP.
- Sin U-chae, 1st secretary for information, 52, Seoul; Seoul University Graduate School of Philosophy; information coordinator, Ministry of Information.
- Kim Chung-nam, 2d secretary for information, 55, Yangyang; Military Academy and Seoul University, PhD in political science from University of Minnesota; professor, Institute for Foreign Relations and Security Research.
- Pak Chin, secretary for overseas information, 40, Seoul; Seoul University Law School, Harvard University Kennedy School, PhD in political science from Oxford University; professor, Research Institute for Foreign Relations and Security.
- Kim Ki-tok, secretary for video media, 52, Seoul; Yonsei University Department of Political Science & Foreign Relations and Seoul University Graduate School of Journalism; member, Broadcasting Committee, News Bureau, Korean Broadcasting Cooperation.
- Pak Yong-hwan, secretary for information support, 45, Yechon; Koryo University Graduate School; deputy director, DLP Spokesman's Office.

—Office of Policy and Planning

- Pak Se-il, senior secretary, 46, Miryang; Seoul University Law School, PhD in economics from Cornell University, USA; professor, Seoul University.
- Chon Song-chol, 1st secretary for policy, 46, Taegu; Seoul University Department of Political Science, PhD in economics from University of Minnesota, USA; international law lawyer, Kim & Chang Law Offices.
- Kwon O-kyu, 2d secretary for policy, 43, Seoul; Seoul University Department of Economics, PhD in economics from Minnesota State University; chief, general external economics section, EPB.
- Hwang Song-ton, 3d secretary for policy, 38, Seoul; University of Foreign Studies Department of Government Administration, PhD in political science from University of Minnesota; director of research and planning, Korea Research Institute for Government Administration.
- Kim Song-tong, secretary for education, 53, Namhae; Seoul Teachers College, PhD from Ohio State University; director, Social Reeducation Bureau, Ministry of Education.

—Office of Agriculture, Forestry, and Fisheries Affairs

- Choe Yang-pu, senior secretary, 49, Kwangju; Seoul University College of Agriculture, doctorate in agricultural science; deputy director, Institute for Rural Economics.
- Pak Chang-chong, secretary for agricultural, forestry, and fisheries policy, 50, Muju; Seoul University Department of Foreign Relations; planning and budget officer, Ministry of Agriculture, Forestry, and Fisheries [MAFF].
- Yi Chong-hwan, secretary for rural development, 48, Ulsan; Seoul University College of Education, doctor of science degree from Kyonghui University; director, Office of Rural Development, Korea Institute for Rural Community Research.

—Office of Administrative Affairs

- Hong In-kil, senior secretary, 51, Koje Island; Tong-A University Law School; assistant to secretary general, campaign office for DLP presidential candidate.
- Kim Chae-sok, secretary for personnel affairs, 53, Yonggwang; Korea University Law School and Seoul University Graduate School of Government Administration; director, DLP Organization and General Affairs Bureaus.
- Yi Kang-myong, secretary for management, 53, Sachon; Kyongbuk University College of Education; Seoul City Government.
- Kim Tae-hwan, secretary for logistics, 62, Pusan; Kungmin University Department of Political Science; member, DLP president's Secretariat.
- Kim Pyong-kol, secretary for emergency planning, 51, South Pyongan Province; Military Academy; commanding officer, ROTC.

—Office of Protocol

- Kim Sok-u, senior secretary, 50, Nonsan; Seoul University Department of Government Administration; director, Asia Bureau, MOFA.
- Secretary for Protocol Division I (vacant).
- Yi Kyong-u, secretary for Protocol Divisions II & III, 60, Yongchon; Tong-A University Department of Political Science; bureau director, MOFA.

*Gouvernement Plans To Build Tunnel in Pusan

95p30078

[Editorial Report] The 4 February PUSAN ILBO in Korean reported on page 1 on an infrastructure project in Pusan City which is being planned in anticipation of the opening of Samsung's main automobile manufacturing plant. The city has nearly completed a blueprint for a tunnel through Mt. Kumjong, which will connect the Hwamyong Industrial Sector to the Kyongbu (Seoul-Pusan) Expressway. Construction of the 4.5-km Sansong tunnel is expected to begin in the latter part of this year and to end in 2000. When completed, the Sansong tunnel will be the longest tunnel in the ROK and will connect the country's major highway, Kyongbu Expressway, with the 3.9-km Nakdong Superhighway which is under construction. Pusan officials believe the tunnel will help, not only in the transportation of industrial goods—including Samsung cars—but will also take some of the load off the existing highways.

Burma

Japan Envoy To Discuss Aung San Suu Kyi, Aid *OW0604002895 Tokyo KYODO in English 2351 GMT 5 Apr 95*

[FBIS Transcribed Text] Yangon [Rangoon], April 6 KYODO—A senior Japanese diplomat is scheduled to meet with leaders of Myanmar's [Burma] ruling military junta Thursday [6 April] and Friday amid controversy over Tokyo's move to give limited economic aid to the Southeast Asian nation accused of human rights violations.

Deputy Foreign Minister Hiroshi Fukuda, who arrived in Yangon on Wednesday, will confer with Khin Nyunt, the junta's No. 2 man, and Foreign Minister Ohn Gyaw, among other officials, the diplomat's aides said.

Among topics expected to be discussed is the timing of the junta's release of Aung San Suu Kyi, the pro-democracy leader under house arrest since mid-1989.

Japan said in March it would give Myanmar 1 billion yen in food aid and 4 billion yen in debt relief, adding that this is not the resumption of Official Development Assistance (ODA) frozen since the country's 1988 military coup. But U.S. officials have voiced displeasure with the move, calling it "a mistake."

Japan announced an ODA guideline in 1992 that conditions aid on military spending trends, establishment of democracy and progress in the human rights record of the recipient country.

Foreign Minister Receives Fukuda

*BK0704012995 Rangoon Radio Myanmar in Burmese
1330 GMT 6 Apr 95*

[FBIS Translated Text] Foreign Affairs Minister U Ohn Gyaw received Japanese Deputy Foreign Minister Mr. Hiroshi Fukuda at 1130 this morning and held friendly and cordial talks on bilateral relations and cooperation.

The Japanese goodwill delegation met with the Myanmar [Burmese] delegation led by Deputy Foreign Affairs Minister U Nyunt Swe and including responsible personnel from the Foreign Ministry and exchanged views and held broad discussions on bilateral relations and Myanmar's developments.

Thai Allegations on Border Incident Protested

*BK0604154895 Rangoon Radio Myanmar in Burmese
1330 GMT 6 Apr 95*

[FBIS Translated Text] The director general of the Political Affairs Department from the Ministry of Foreign Affairs summoned Thai Ambassador Mr. Poksak Nin-ubon on 5 April and formally handed him a protest letter.

The protest is in response to that fact that the director general of the Thai Foreign Ministry summoned the

Myanmar [Burmese] ambassador on 20 March and handed him a protest note against the incursion by some Myanmar soldiers who raided a house of a Thai national in Tak Province in Thailand on 2 March 1995.

The protest letter presented by the Myanmar Foreign Ministry states that Myanmar soldiers were in no way involved in that incident.

The incursions into the country on the other side were activities related to the split in the KNU [Karen National Union] between Bo Mya [KNU leader] and the peace-seeking DKBO [Democratic Karen Buddhist Organization].

The Myanmar authorities cannot take responsibility for the activities of the armed groups who have not yet officially returned to the legal fold.

It is evident to everyone that these groups have been active in that region of Thailand for decades.

As Myanmar strictly adheres to the five principles of peaceful coexistence, Myanmar has always respected the sovereignty and stability of all its neighboring countries.

Myanmar has never allowed any insurgent or terrorist groups to use its territory to attack any neighboring country. That is why, the usage of the term some Myanmar soldiers in this incident could create unnecessary misunderstandings between the two countries.

The protest note urges Thailand to refrain from this false allegation that could effect the existing bilateral goodwill relations and to inform the Thai authorities about this matter.

Brunei, Malaysia & Singapore

Malaysia

Prime Minister Urges Japan To Join EAEC

*OW0604144095 Tokyo YOMIURI SHIMBUN in
Japanese 6 Apr 95 Morning Edition p 4*

["Summary" of article by Prime Minister Mohamad Mahathir, contributed to YOMIURI SHIMBUN on 5 April—title not given]

[FBIS Translated Text] In December 1990, I first advocated the concept of the East Asian Economic Group (EAEG). At that time, I thought my proposal was neither drastic nor radical.

The concept of the EAEG was totally different from those of trade blocs, such as the European Union (EU) and the North American Free Trade Agreement (NAFTA). The EAEG concept was also different from that of ASEAN. It was simply proposed as a consultative forum among Asian nations.

In consideration of possible objections from the United States, ASEAN later changed the name of the mechanism from the EAEG to the East Asian Economic Caucus (EAEC). This gave a clearer picture of the goal of the mechanism. Furthermore, ASEAN proposed the EAEC as a consultative body under the Asia-Pacific Economic Cooperation forum (APEC). This proposal clarified that the EAEC is put forth as a mechanism to support the functions of APEC.

Nevertheless, the United States kept opposing the foundation of the EAEC.

I would like to again stress that the EAEC is proposed as just a forum which is expected to provide opportunities to informally discuss common economic issues among various East Asian nations.

Decisions by the forum, gathering on the voluntary basis, will not restrict any participants. However, the forum will become an effective tool to define, discuss, and settle regional problems. The EAEC will be run by working-level and ministerial conferences, and we are not considering summit talks under the EAEC. Each participating nation will be allowed to seek possible solutions from independent standpoints.

In case of crises in the world's free trade system, however, members of the forum will take uniform standpoints to make the most of the World Trade Organization (WTO) in negotiations with such trade blocs as the EU and NAFTA.

Another important function of the EAEC is to support member nations, developing nations in particular.

As the result of Japanese investments in Southeast Asia, nations in the region realized remarkable economic growth, and the region has become a very good market opened to advanced nations, including Japan, for all kinds of goods and services.

Even now, the prosperity of Southeast and East Asia profits Western companies which have specialized knowledge and products. The EAEC will accelerate the economic growth of member nations, and provide greater business opportunities to Western companies.

The EAEC is proposed as an open regional mechanism. While the EU and NAFTA ensure privileged mutual access to their members only, the EAEC is not an exclusionary group like they are.

For instance, Japan has no need to weaken trade ties with the United States or with Europe. Japan's special relations with the United States have absolutely no contradiction with the EAEC. No Western nations have to reconsider relations with the EAEC or its individual members.

So, It is difficult for me to understand the reasons for opposition to the EAEC. And I just have no idea why some countries strongly oppose the regional forum of

East Asian countries while they say nothing about European and American economic blocs.

It is openly said we must not talk with our neighbors without consideration of the United States. Why? Does that mean no freedom is allowed to us, or we are not trustworthy?

For most East Asian nations, the United States is the biggest trade partner. None of us wants to sacrifice business with the United States for a limited economic bloc in East Asia. So, the EAEC will never bring about the decline of the Americas.

Regarding Japan, the EAEC will not disturb Japan's trade with any nation or bloc, and the EAEC will create no changes in Japan's economic and political relations with non-EAEC members.

Yet, Japan's participation in the EAEC would be regarded as really encouraging support for East Asian nations. That is much more significant than thousands of apologies for happenings over 50 years ago. If Japan is serious about expressing its regret over its behavior in the past, joining in the EAEC is much more effective than the Diet's adoption of an antiwar resolution. The EAEC is an open regional forum, and is nothing more than that. Japan's participation as the strongest member will perpetuate its position in the region.

Minister on Japan's EAEC Stand

BK0704113595 Kuala Lumpur Voice of Malaysia in English 0800 GMT 7 Apr 95

[FBIS Transcribed Text] Malaysia will not accept any contradictory reports on Japan's stance over the East Asia Economic Caucus [EAEC] until it has received the confirmation from Ryutaro Hashimoto, its minister of international trade and industry.

Minister of International Trade and Industry Datuk Sri Rafidah Aziz said she will not accept conflicting reports from two foreign news agencies saying that Japan would not join the EAEC.

Earlier, the minister witnessed a signing ceremony between IBM World Trade Corporation and Sunway Business System Sdn Bhd [private limited], SBS, appointing the latter as a master distributor of a product in Malaysia.

In her speech, Rafidah said that the time has come for Malaysia to move quickly into the global information highway as a benefit from new development in information technology.

Commission Meeting With Philippines Praised

BK0704070295 Kuala Lumpur Voice of Malaysia in English 0810 GMT 6 Apr 95

[Station commentary]

[FBIS Transcribed Text] The second meeting of the Malaysia-Philippine Joint Commission for Bilateral Cooperation, which ended last week, made much headway in ironing out sensitivities between the two countries.

The touchy issue for the Philippines has always been problems associated with the maids working overseas. Legitimate Filipino workers will be issued with special identification papers to prevent unnecessary arrest and detention. The move reflects Malaysia's extra sensitivity in the handling of Filipino maids. Besides cordial bilateral ties, Malaysia values the Philippines as an integral part of ASEAN. It always wants to see this excellent ties further improved with the course of time. More so given their commitment to the ASEAN Free Trade Area, AFTA.

Filipino maids can now rest assured that their plight will always be safeguarded. Malaysia has no ulterior motives when dealing with foreign workers except that they have to ensure that they are legally working in the country. Malaysia sometimes is in difficult position as there are thousands of illegal immigrants from both the Philippines and Indonesia in Sabah and Sarawak. If left unchecked, it could be difficult to control the increasing social problems.

A step further was taken to boost bilateral links when Malaysia accepted a Philippine proposal to train and assist Muslims in Mindanao. Ultimately, this is aimed at helping them to benefit from the eventual creation of the East ASEAN Growth Area, EAGA. Towards this end, the government is considering giving them places in institutions of higher learning such as the International Islamic University. Perhaps the Malaysian private sector could look to investing in Mindanao through joint ventures. This will facilitate transfer of technology and expertise, and open up the island to greater business opportunity.

As a part of an encouraging development that came out of the joint commission was Malaysia's decision to set up a consulate in Davao City. This will go a long way in facilitating increased trade and investment link between the people of Mindanao and Sabah and Sarawak.

If not for the commission, problems between the two countries might linger on with no real attempt at finding a solution. As neighbors there are bound to problems but as neighbors a way must be found to settle issues, no matter how contentious they are, in an amicable manner. Being so close geographically and sharing a close sea border, it is vital for the platform to resolve formal bilateral issues quickly before they get out of hand.

Malaysia and the Philippines have shown that this can be done through the commission. In the process they can pave the way for improved relations which is not only mutually beneficial but also brings benefit for the region as a whole.

Commission Announces 24-25 Apr Election Dates

BK0704063195 Kuala Lumpur Voice of Malaysia in English 0600 GMT 7 Apr 95

[FBIS Transcribed Text] Polling day for Malaysia's ninth general elections has been fixed for 25 April for peninsular Malaysia and on 24 and 25 April for Sabah and Sarawak. Meanwhile, nomination of candidates is on April 15.

This was announced by the Election Commission chairman, Datuk Harun Din, today. This gives political parties a campaign period of nine days. A total of 192 parliamentary and 394 state seats will be contested. This is an increase of 12 parliamentary and 43 state seats over the last general elections, held in October 1990.

The dates for nomination of candidates and polling were fixed by the commission two days after Prime Minister Datuk Sri Dr. Mahathir Mohamed announced that the king, Tuanku Jaafar, had given his consent that Parliament be dissolved as of yesterday. All state assemblies, except for Sabah and Sarawak, were also dissolved yesterday.

Editorial Hails Ruling Party's Performance

BK0704030895 Kuala Lumpur UTUSAN MALAYSIA in Malay 6 Apr 95 p 6

[Editorial: "The Ninth General Election"]

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed told a news conference yesterday that the paramount ruler had consented to the dissolution of parliament on Thursday. With this, all the state legislative assemblies, with the exception of Sabah and Sarawak, will be dissolved on the same day.

Following the dissolution of parliament, a general election will be held at any time from now. This is because the constitutional rules for election require an election be held 60 days after the dissolution of parliament.

The upcoming general election is the ninth since the first election was held in 1959 after Malaysia achieved its independence.

Being a developing society, we are grateful for the continuity of the democratic government that we have had until now.

Democracy holds a significant meaning for the Malaysian people and the country. We have witnessed a steady implementation of the democratic system in the country since independence was achieved, to the extent that we have been able to hold elections to vote for qualified government leaders to administer the country.

From the first to the eighth general elections, the people made a wise choice in voting for the Alliance government (until 1974) and the current Barisan Nasional (BN) government. The outstanding record of the BN government's performance is very clear to every citizen either

in the urban or the rural areas. The development projects sprawling throughout the country have raised the people's standard of living. a

This is the outcome of the wisdom of both the Alliance and the BN governments in carrying out their political responsibility to the people of a country that has won the world's recognition as a model for other developing countries.

International society does not see Malaysia as a country that has merely made progress; they also like to emulate the country's political system and the consensus and cooperation the administrators have achieved in upholding justice, prosperity, and stability.

Do you think anyone would want to destroy the leadership set-up and the cooperation in the BN government? We do not believe that the Malaysian people, who love progress and peace, want to destroy the BN government's outstanding record of performance for the country.

For this reason, we are confident that the people will continue to exercise their right to vote to retain the BN government. This is not the time for trying out something new because not all new things are better.

We would like to remind political parties running in the upcoming general election not to use the campaign tactic of playing with the people's sentiments to win votes. This measure is dangerous for national stability. The people should be informed about the individual party's sincerity in caring for their welfare and prospects for the future.

It is hoped that the people will not be easily taken in by campaign propaganda that uses racial and religious issues, because such issues can harm the solidarity among Malaysia's multiracial society.

Article on Need To Check 'Deviationist Groups'

BK0604160195 Kuala Lumpur THE STAR in English 6 Apr 95 p 21

["Comment" column by V.K. Chin: "Keeping Tabs on Deviationist Groups"]

[FBIS Transcribed Text] Tan Sri Abdul Rahim Noor, the Inspector-General of Police [IGP] has said the force is looking into non-Muslim deviationist groups to ensure that their activities do not pose a threat to security and welfare of the people.

Following the reports of what some of these groups are doing overseas, the police chief has reason to be cautious so that they carry out their work in accordance with the law and not [word indistinct] unnecessary problems to the locals and the Government.

What is of some concern is that almost all these groups originate from overseas and have spread their teachings here which could well conflict with the major religions being practised locally.

The possible trouble from such groups is not too far-fetched and it is the duty of the police to monitor their activities closely. The Government cannot allow such followers from abroad to take advantage of the freedom of religion to spread discord among the people.

In the past few years, there has definitely been an increase in the number of foreign religious groups trying to spread their teachings to Malaysians. They include both Christian and Buddhist groups which do not belong to the main stream religions.

It is really not difficult to detect any group which is deviationist by just observing their actions and behaviour. Their disciples are usually very autocratic and dogmatic and use all sorts of tactics to entice the innocent to join their ranks. Once they are hooked, the new recruits will be forced to cut off ties with their families and friends and are virtually prisoners with no freedom of movement.

In extreme cases, they have to hand over their salaries to the group leader. Their parents and close relatives will not be allowed to contact them as they are encouraged to break off all such family ties and pledged their lives and allegiance to the group.

Any so-called religious groups which use such tactics to force obedience from their followers may be deemed to be deviant. All mainstream religions will always preach love and concern for their families, friends and people at large.

In trying to recruit more members, some of these groups are harassing the people to pressure them into joining their ranks. They can even be abusive if they cannot succeed in recruiting their target.

The IGP's worry is not without foundation. He has been approached personally by parents and relatives of those who have been made virtual slaves by these deviationist factions.

It is important for the police to find out the extent of the problem so that the actions of such groups will not disturb the existing religious and family structure. Unless this is checked, it can become more serious and pose a threat to religious and racial stability.

For the police to succeed in their investigations, public cooperation is best. The people with the necessary information should get in touch with the police to put such deviationist groups under surveillance.

In fact, all such groups should be properly registered and must submit regular reports to the Registrar of Societies. They have already been given too much freedom to deceive unsuspecting Malaysians.

Singapore

Czech President Havel Arrives for 2-Day Visit

BK0704120395 Singapore Radio Corporation of Singapore in English 1000 GMT 7 Apr 95

[FBIS Transcribed Text] President Vaclav Havel of the Czech Republic has arrived in Singapore for a two-day

visit. His visit is part of an Asia-Pacific tour aimed at promoting ties with the region. An investment guarantee agreement is to be signed between the Czech Republic and Singapore during the visit. President Havel will call on President Ong Teng Cheong and hold talks with Prime Minister Goh Chok Tong today.

Cambodia

Commentary Hails Mekong Committee Agreement

BK0704050995 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 6 Apr 95

[Commentary: "The Hope From a Regional Committee"]

[FBIS Translated Text] According to reports from the Kingdom of Thailand, a ceremony was held on 5 April in Chiang Rai in the northern part of Thailand to sign an agreement on the Cooperation for the Sustainable Development of the Mekong River Basin.

Taking part in this ceremony were the extraordinary and plenipotentiary members of the Mekong Committee—Laos, Thailand, Cambodia, and Vietnam; the PRC and the Republic of Myanmar [Burma] as the observer countries; and representatives of many donor countries and the UNDP [UN Development Program] as the coordinators.

It should be recalled that Cambodia was a founder member of the Mekong Committee set up in 1957. Cambodia quit this regional body in 1975 when the Khmer Rouge were in power. The committee thus changed its name to the Interim Mekong Committee, with countries along the Mekong river as its members.

According to His Excellency [H.E.] Ing Kiet, deputy prime minister, minister of public works and transport, and chairman of Cambodia's Mekong Committee, who attended the above ceremony, after the signing of this agreement in Chiang Rai Province, Thailand, on 5 April, it is expected that Cambodia will get about US\$60 million for this first year's development work. This is because after Cambodia was suspended from the Mekong Committee in 1975, three other member countries, namely, Thailand, Vietnam, and Laos, spent over \$100 million of the Mekong Committee's budget annually. Among these countries, Thailand was the biggest spender of this committee's budget, thus achieving the most development. As for Laos, due to its backwardness, it did not benefit much from the Mekong River development projects. At the same time, Vietnam was engaged in war.

For this reason, we hope that upon its reentry, Cambodia—which lost so much of the Mekong Committee's budget, set at over \$100 million annually—will get not less than \$60 million each year for the reconstruction of Cambodia.

In the first year of this new agreement, we hope that Cambodia will be given the position of head of the Mekong Committee and that the first meeting will be held in Phnom Penh.

The Royal Government of Cambodia has many projects to be funded with the aid of the Mekong Committee. This includes the renovation of roads, bridges, the hydroelectric system, irrigation networks, and so forth.

H.E. Ing Kiet added that after the signing of this four-nation agreement, he would urge Thailand to agree to reestablish the Mekong Secretariat's headquarters in Phnom Penh, because the signing of the agreement to set up the four-nation Mekong Committee was held in Phnom Penh in 1957. Moreover, Cambodia is the midpoint of the Mekong River.

Therefore, it is an excellent opportunity for our Cambodia to show the world that we have already regained our sovereignty and territorial integrity. At present, over 100 nongovernment organizations from abroad are working in Phnom Penh. They are able to live in Cambodia. For this reason, we propose that all member countries of the Mekong Committee install the Mekong Committee's headquarters at the mouth of the Mekong River. Laos and Vietnam have supported our proposal. France has also expressed support for this proposal.

If our proposal is accepted, it would be the best chance for persuading more members of the international community to come to Cambodia. This will help in its development work.

On the contrary, if our proposal is not accepted, a bureau with equal status as an under-secretariat office will be set up in Phnom Penh. This is because the Mekong River's lower basin activities will be more energetic than those in the upper basin; and [words indistinct] with the Mekong River development.

This is our other hope.

Indonesia

'Clarification' of PRC Maritime Maps Sought

BK0704052395 Hong Kong AFP in English 0510 GMT 7 Apr 95

[FBIS Transcribed Text] Jakarta, April 7 (AFP)—The Indonesian government has sought clarification from Beijing over Chinese maritime maps that showed Indonesian marine areas in the South China Sea as China territory, diplomatic sources here said Friday.

According to the maps, part of the seabed around the Indonesian Natuna islands, which are midway between the Malaysian peninsula and Borneo in the South China Sea, was described as Chinese territory, the sources said.

"We have sent a diplomatic note to China a few weeks ago. The question is currently under negotiation," said the same sources, which insisted on anonymity.

China has so far made no official claim on the Natuna islands which sit atop rich gas reserves. Chinese civilian maps describe the islands as Indonesian possessions while staking claim to all of the Spratly islands to its northeast.

But the Chinese maps, based on the sovereignty Beijing claims over the Spratlys, include all that is within 200 nautical miles of China as its territory.

"We are not worried, but surprised that the Chinese maps show now (territorial) claims that overlap with our exclusive economic zone," the sources added.

The Natuna area claimed by China on the map straddles a section some 250 kilometres (155 miles) northeast of Natuna Besar, the largest island in the Natuna group.

The seabed around the Natuna island is believed to have gas reserves of around 210 trillion cubic feet (6.3 trillion cubic meters.)

Indonesia in November signed a basic agreement with an affiliate of US energy giant Exxon Corp., Esso Natuna Inc., for the 35- billion-dollar development of the Natuna gas field, possibly the country's biggest compared to the two other major fields, Bontang in East Kalimantan and Arun in Aceh.

The sovereignty of the Netherlands, Indonesia's former colonial master, over the Natunas had been recognized by a treaty with the United Kingdom, which then ruled northern Borneo and Malaysia.

Philippines

Ramos, PRC Envoy Have 'Heated' Talk on Spratlys

BK0704093595 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0807 GMT 7 Apr 95

[FBIS Translated Text] China's Ambassador to Manila Huang Guifang has bid farewell to the country. Guifang will be replaced by a new ambassador, (Guang Ding Ming).

A related report that we received says President Ramos and the departing Chinese envoy had a heated discussion on the Spratlys issue when the Chinese ambassador bade goodbye.

Ramos said China should remove the structures it built in the Kalayaan Group of Islands, but Ambassador Huang said the structures were for PRC fishermen. Nevertheless, the president and the Chinese ambassador have agreed to settle their contending claims through peaceful means.

ASEAN-PRC Dispute on Spratlys Said 'Widening'

BK0704092395 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0807 GMT 7 Apr 95

[FBIS Translated Excerpt] Foreign Affairs Undersecretary Rodolfo Severino today admitted during an exclusive interview with DZBB that the misunderstanding

between ASEAN and the People's Republic of China on the Spratlys issue is widening. Severino emphasized that the positions of ASEAN and China on their contending claims over the Spratlys are clear. However, he said the Philippines is not satisfied with the recently concluded ASEAN-PRC conference on the Spratlys. [passage omitted—recorded interview with Severino inaudible]

* MNLF, MILF Comment on Spratly Conflict

95P30070

[FBIS Editorial Report] The 22 February Manila BALITA in Tagalog on page 2 reported that, according to a Moro National Liberation Front (MNLF) commander, MNLF troops might be forced to assist the Philippine Government should an armed confrontation against China be necessary on the Spratly Islands issue. The commander, who holds a senior rank within the MNLF Central Committee, said that the "worsening situation" in the Spratlys is viewed by the MNLF leadership as a hindrance to the attainment of peace in Mindanao. He asserted that China may not spare Mindanao if war breaks out in the Spratlys. However, he said that hopes are high within the MNLF leadership that the conflict would be settled.

Meanwhile, the Moro Islamic Liberation Front (MILF) said that the Spratly conflict is also being closely monitored by members of its Central Committee. According to Ghazzali Jaafar, MILF vice chairman for political affairs, the MILF views the issue as having a direct bearing on all the people in Mindanao. Ghazzali Jaafar said that, unlike the MNLF, the MILF still has to formulate a policy with regard to the developments in the Spratlys. The combined forces of the two rebel factions reportedly exceed 200,000 people, armed with sophisticated equipment, including anti-aircraft weapons.

Spain's King Juan Carlos on 'First Visit Ever'

Foreign Ministers Meet 3 Apr

BR0404123995 Madrid EL PAIS in Spanish 4 Apr 95 p 17

[Report by Ignacio Cembrero: "Spain Wishes Relations With the Philippines To Be on the Same Level as With Latin America"]

[FBIS Translated Excerpt] Manila—The first visit ever by a Spanish king to what was formerly Spain's only colony in Asia is eliciting mixed reactions from Filipinos, ranging from enthusiasm to skepticism. [King] Juan Carlos's presence has however revived Filipinos' interest or curiosity with regards not only to Spain itself but also the almost four centuries of history shared by the metropolis and the colony.

Yesterday, the Spanish and Philippine foreign ministers, Javier Solana and Roberto Romulo respectively, signed

a statement announcing their intention to shortly conclude a friendship and cooperation treaty between the two countries, inspired by the treaties Spain has already concluded with a number of Latin American states.

In their statement the two ministers undertake to "act as interpreters of both sides' interests, both within the European Union (UE) and the Association of South East Asian Nations (ASEAN)," the region with the fastest-growing economy in the world.

In addition to providing for "continuous political dialogue," the document contemplates intensifying cooperation in order to "preserve and restore the Philippine historical and cultural heritage of the Spanish period."

At the banquet he offered to the king of Spain last Sunday, [President] Fidel Ramos emphatically extolled Spain's contribution to his country's history. Later on, he promised to strive "to reactivate public interest in Spanish studies and promote research into our Spanish past." [passage omitted]

Business Agreements Signed

BK0704102995 Manila PHILIPPINE DAILY INQUIRER in English 4 Apr 95 p B1

[Report by Corrie S. Narisma]

[FBIS Transcribed Text] Business agreements between Philippine and Spanish groups involving at least P [pesos] 19.62 billion in investments and financing facility were finalized yesterday in a signing ceremony witnessed by President Ramos and Spanish King Juan Carlos I.

Trade and Industry Secretary Rizalino S. Navarro expressed confidence that economic relations between the Philippines and Spain would be dramatically enhanced with the signing of these agreements.

These were the Memorandum of Agreement (MOA) on the construction of a \$600-million or P15.6-billion tunneled railway system from Manila and the proposed international airport at the former Clark Air Base; an agreement on the construction, financing and operation of the P2.2 billion Laguna Lake Water Supply Project (LLWSP); and the \$10-million or P260-million medium and long-term financing facility for Philippine imports of Spanish products.

The MOA on the railway project was entered into by the Bases Conversion Development Authority (BCDA), Euroma Development Corp., TPT-Development and Financing Corp. and Philippine National Railways (PNR) for the Philippines and the Spanish consortium. The foreign group was represented by Construcciones Y Auxillar Ferrocarriles (CAF) S.A., Entrecanales Y Tavora S.A., Cubiertas Y Msov and Cobra S.A.

Also signed yesterday was the MOA between the Public Estates Authority (PEA) and a Spanish consortium on the P2.2-billion LLWSP.

Political Cooperation Pact Signed

BK0704103495 Manila MANILA BULLETIN in English 4 Apr 95 pp 1, 8

[FBIS Transcribed Excerpt] President Ramos yesterday urged Spanish and Filipino business leaders to work together in sustaining the friendship and partnership between Spain and the Philippines well into the 21st century.

The president spoke at the signing of a Declaration of Political Cooperation between the Philippines and Spain which he and King Juan I of Spain witnessed.

Under the declaration, signed by Foreign Affairs Secretary Roberto Romulo and Spanish Minister of Foreign Affairs Javier Solana Madariaga, the two countries agreed to undertake the following:

- Seek the conclusion of a new Treaty of Friendship and Cooperation that will reflect the qualitative change in Filipino-Hispanic relations, and manifest unequivocally the political will of both governments to consolidate mutual cooperation and economic and social development, while respecting human rights and fundamental freedoms.

- Explore and develop cooperation in the area of defense concerning matters of mutual interest, authorizing their respective defense ministers and armed forces to initiate and promote contact to identify specific areas of cooperation and developing the institutional arrangement for implementing such cooperation.

- Promote cooperation in terms of judicial matters.

Speaking before Philippine and Spanish business delegates at the Manila Hotel, President Ramos said the Philippines has been a part of the exciting and dynamic transformation of the Asia-Pacific into a leading player in the world economy.

"We may not have come into the growth process early as some of our neighbors did—but even this, we think, is now to our mutual advantage as partners," the president said.

The president pointed out that growth process, like many such ambitious enterprises, has required some structural changes in policies.

"Now we see that the economic, social, and administrative reforms put in place in the last two years are working, and we, in this government, are intent on seeing them through as engines to sustainable growth well into the 21st century," the president said.

"Let us enter the future together now as old friends sharing a common dream of cooperation, peace, progress and development," the president said.

The King of Spain said that the partnership and cooperation between the businessmen of Spain and the Philippines is indispensable in ensuring the material progress of both countries within a framework of solidarity, shared innovation, and development.

The businessmen's meeting was organized by the Philippine Chamber of Commerce and Industry. [passage omitted on king's cultural tour]

Czech President Ends Visit, Leaves for Singapore

LD0704073295 Prague Radiozurnal Radio Network in Czech 0700 GMT 7 Apr 95

[FBIS Translated Excerpt] Singapore is the last country to be visited by Czech President Vaclav Havel during his two-week tour. Miroslav Konvalina has more details from Singapore.

[Konvalina] Vaclav Havel said farewell to President Ramos today, ended his visit to Philippines, and left for Singapore. [passage omitted]

President Vaclav Havel will today meet top Singapore officials including the prime minister and the president. Early tomorrow evening the Czech delegation leaves Singapore for Prague.

11 Killed in Military Encounter With Abu Sayyaf

BK0704023395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 6 Apr 95

[FBIS Translated Text] Eleven civilians were killed in an encounter between the army and 40 members of the Abu Sayyaf in Rosaler Lim in Mindanao yesterday, while the military denied the bandits held several hostages. Arnold Clavio has more:

[Begin recording] [Clavio] Eleven more civilians were reported killed in Barangay [Village] Siyawang in the municipality of R.T. Lim in Zamboanga del Sur, after being caught in the crossfire during intense fighting between the government troops and Muslim terrorists. About 100 bandits, believed to be members of the Abu Sayyaf group, a renegade group of the MNLF [Moro National Liberation Front] and the MILF [Moro Islamic Liberation Front], escaped from Barangay Siyawang and Barangay Taway here in Ipil.

At 1300 yesterday, the official count of casualties from the DSWD [Department of Social Welfare and Development] was 51, of whom 43 have already been identified and eight remain unidentified, while 45 were wounded. A report says 120 buildings—commercial and residential—and 25 vehicles were burned.

The Ipil residents blame the military for the worsening situation. They told GMA Balita [News] that several armed men were seen lingering at 1000 on the day when the Ipil town plaza was attacked. They reported the matter to the police and military, but they did not respond.

Colonel Roberto Santiago, commanding officer of 102d Army Brigade, denied the allegations that the distance is just one kilometer away from the town proper. [sentence as heard] Nevertheless, he admitted that they were not able to respond immediately because they could not tell the bandits from military personnel.

Visiting opposition Senator Ernesto Maceda, chairman on senate committee on crime, said that no one else should be blamed except President Fidel Ramos.

[Maceda in progress, in English] ...but today I read in the papers what he is going to do: He is to inaugurate the Philippines Stock Exchange; so that kind of lack of response. The president should have been here yesterday, yet..., but today, that the fact that he is not here, I think that the response shows. On the level of the president himself, that he does not consider in this that important and that big an incident, so how can you expect the lower ranking people to respond more (?assertively), when he himself does not show his interest to come here today. [preceding two sentences as heard]

[Clavio] Meanwhile, Colonel Santiago cannot confirm the reports that the bandits carried off 13 hostages while escaping. Both Muslim and Christian residents of Ipil condemn these barbaric acts and asked the government to stop the peace process with the MNLF.

With Eddie Villegas, this is Arnold Clavio reporting for GMA Balita, Ipil, Zamboanga del Sur. [end recording]

Eight Confirmed Dead

BK0704102695 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0807 GMT 7 Apr 95

[FBIS Translated Text] The Philippine National Red Cross has reported that eight people have been confirmed killed in the latest encounter between the military and the Abu Sayyaf in Rosaler Lim in Zamboanga del Sur. According to the Red Cross, five of the eight casualties are civilians, while the rest are soldiers who are still unidentified. It added that the residents of Rosaler Lim and the town proper have started to evacuate from the area.

The Red Cross has sent its first aid and rescue team to assist the residents affected by the violence in Zamboanga del Sur. The agency is also coordinating with its provincial chapters to solicit relief goods for Zamboanga del Sur residents.

Meanwhile, the Red Cross has reiterated its call to the public to donate their blood to Zamboanga del Sur residents. The Red Cross will be open 24 hours for those who want to donate blood.

Meanwhile, three of the 23 people kidnapped by the bandits in Zamboanga del Sur have been confirmed killed. The additional casualties bring to 47 the number of confirmed deaths, while 49 are confirmed wounded in the bandit attack on Ipil, Zamboanga del Sur last Tuesday.

Those killed were Felipe Caburnay, Jaime Olympus, and Engineer Josie Ortega of the Department of Public Works and Highways. A farmer identified as Salvador Singson was reportedly killed by the bandits.

General Orville Algabuna, Philippine National Police [PNP] Regional Command 9 chief, proposed the dismissal of the Zamboanga del Sur PNP provincial director for the bandit raid on Ipil Town.

AFP Reports on Incident

BK0704150895 Hong Kong AFP in English 1418 GMT
7 Apr 95

[FBIS Transcribed Text] IPIL, Philippines, April 7 (AFP)—Muslim fundamentalist gunmen who raided a southern Philippine town this week killed five of their hostages Friday and engaged government troops in fierce fighting, leaving 12 rebels and three militiamen dead.

Military officials said five hostages were executed as government troops pushed forward to rescue from the nearby village of Hose more than 30 people believed to have been captured in the attack on Ipil earlier this week.

Five hostages who escaped from the rebels during the firefight in the village of Hose near here and military officials told AFP that six of the slain gunmen were hurriedly buried in a shallow grave.

Four more guerrillas were buried at another village. The bodies of two more gunmen were recovered by troops and displayed at the town hall of nearby R.T. Lim municipality, an AFP correspondent reported.

The gunbattles erupted as some 500 troops, including army special forces and elite anti-guerrilla Scout Rangers, pursued 200 gunmen who rampaged through Ipil town, 740 kilometers (462 miles) south of Manila, at lunchtime Tuesday.

The raiders, described by President Fidel Ramos as members of the feared Abu Sayyaf fundamentalist group, massacred 50 people, plundered homes and banks and torched the thriving commercial center to the ground in the worst attack on a population center in 21 years.

Several skirmishes occurred on Friday but the bloodiest was in the village of Hose, where the troops and muslim gunmen could see each other across a road during the fight. Three militiamen were killed in the firefight.

An AFP correspondent who visited the scene reported that trees and thatched houses were splattered with blood and pockmarked by bullet holes. Six government helicopter gunships were involved in the gunbattle.

The correspondent said he also chanced upon three escaped hostages near a roadside store, gave them money and turned them over to an army camp. Two other hostages were being treated at a hospital with gunshot wounds.

One of the escapees, businessman Fortunato Gordove, said he had counted about 35 hostages being held by the gunmen. He said the hostages were made to carry the gunmen's packs.

He told AFP they captives had travelled for two days, barely eating and had also helped bury the slain gunmen.

He said he had heard the gunmen plan to kill him because they found a permit to carry a gun in his possession but that he pleaded for his life.

Another former hostage, Nestor Flores, a farmer, said he was shot in the right leg by a gunman because he had difficulty walking.

In Ipil, life slowly began returning to normal Friday as residents tried to restart their businesses by making makeshift stalls near the rubble of what was once their commercial center.

"We need capital because they got our money," one woman said.

"Why did they have to kill. Why did they have to burn. If they wanted money they already got our money. I'm still very angry," said Lolita Avanzado, whose husband was killed in the attack.

Interior Secretary Rafael Alunan, who visited Ipil, quoted residents as saying that some foreigners were part of the group that attacked their town and said "we are trying to identify these foreign elements."

New southern command chief Major General Edgardo Batenga, who replaced Brigadier General Regino Lacson, said he was still studying whether to send more troops, but that "this will depend on intelligence estimates" of the size of the enemy force.

Ramos on Thursday relieved the southern military commander and a brigade chief for failing to anticipate the attack, which officials said could be related to the March 25 arrest of six Middle Eastern nationals.

The six were alleged to be part of a 29-member group planning terrorist attacks in the Philippines and reportedly affiliated with the defendants in the 1993 bombing of the World Trade Center in New York.

Ramos is scheduled to visit Ipil on Saturday to assess the situation.

Thailand

Foreign Minister Prepares for Trip to Burma

BK0704065995 Bangkok THE NATION in English
7 Apr 95 p A2

[Report by Don Pathan]

[FBIS Transcribed Text] The Thai government expects a report from its Burmese counterpart concerning the

death of a Thai citizen to be satisfactory, Foreign Minister Krasae Chanawong said yesterday.

Krasae was referring to Thawi Khamtankaew, 38, who was shot in the back by Burmese troops on Sunday while crossing the border river in Mae Sai district in Chiang Rai province. Thawi was said to have been carrying a toy gun and suffering from mental problems.

The minister said that the report would have an effect on the whole region.

"I believe the reply will be satisfactory because any such disturbances may have a negative affect on the social and economic development in the region," he said.

His comments came a day before he is due to pay an official two-day visit to Burma. He is to meet leaders of Burma's military junta, including secretary-general Lt Gen Khin Nyunt.

Krasae said that it was more advantageous to meet with his counterparts face-to-face when discussing such sensitive issues. He also said that he believes the best way to handle the situation is through diplomatic means, where the validity of the Thai government's position can be clearly stated. However, the Thai authorities and military have stressed that the Burmese troops over-reacted during the incident as Thawi was crossing the river from Burma to Thailand.

"Pride and nationalism can get in the way when disagreements arise but we must use fair diplomatic means and keep in mind our own country's interests when solving such matters," Krasae said.

Nepalese Deputy Prime Minister Seeks Investment

BK0304134395 Bangkok BANGKOK POST in English 3 Apr 95 p 6

[FBIS Transcribed Text] The Nepalese Government is calling for Thais to invest in tourism, textiles and electricity in Nepal, Nepalese Deputy Prime Minister Madhav Kumar Nepal said yesterday.

The deputy prime minister who also concurrently holds the post of Minister for Defence and Foreign Affairs said this during a three-day stopover in Bangkok after visiting Japan. He will return to Kathmandu today.

He is scheduled to meet Deputy Prime Minister Suphachai Phanitchaphak and Foreign Minister Krasae Chanawong this morning.

"We need development. Poverty, illiteracy, illness remain chronic difficulties," he said.

Thai investors have been setting up banks and hotels in Kathmandu. Nepal is looking for funding and the joint venture projects in a host of areas, from airports to drinking water.

Nepal is in need of investment, with a per capita income of US\$180, compared with Thailand's US\$2,300 average.

During the meeting with Mr Suphachai and Mr Krasae, Mr Kumar is likely to suggest the establishment of a Thai-Nepalese Chamber of Commerce.

Nepal now exports handmade fabric to Europe and has imported garments from Thailand, he said.

Thailand boasted a gross domestic product of US\$143 billion in 1993, roughly 150 times that of Nepal. But there are lingering worries that private investment in the country remains vulnerable to political tension and enforced nationalisation. He said Nepal had begun to curb corruption and increase transparency in business deals.

"I am here to say that there is nothing to be afraid for investment in Kathmandu. We will give more concessions," the deputy added.

Meets With Suphachai

BK0404102095 Bangkok Radio Thailand Network in English 0000 GMT 4 Apr 95

[FBIS Transcribed Text] The Thai Government is ready to support the Thai private sector to invest more in Nepal. Nepalese Deputy Prime Minister Madhav Kumar Nepal held talks with Deputy Prime Minister Suphachai Phanitchaphak yesterday on bilateral relations. He told Mr. Suphachai that several Thai firms had started to play an important role in the Nepalese economy. For example, Siam Commercial Bank has already set up a branch office in Nepal. The Provincial Waterworks Authority has conducted a feasibility study in water supply in that country while many Thai firms have invested more in various Nepalese economic activities. Mr. Suphachai said Thailand was also willing to provide assistance for Nepal in all areas, especially in human resource development and tourism promotion.

The Nepalese deputy prime minister admired Thailand's active role in ASEAN and Southeast Asia and expressed Nepal's intention to cooperate more closely with ASEAN. Thailand will support Nepal in this regard. The Nepalese deputy prime minister concluded his three-day visit to Thailand yesterday.

Criticism of Mekong River Accord Examined

BK0704065595 Bangkok BANGKOK POST in English 7 Apr 95 p 4

[Editorial: "Mekong River pact is a double-edged sword"]

[FBIS Transcribed Text] The agreement signed on Wednesday in Chiang Rai by Thailand, Laos, Vietnam and Cambodia on cooperation for sustainable development of the Mekong River basin has been hailed as a historic landmark event and the most important accord ever inked

by the four riparian nations of the mighty river. To mark the significance of this event, Prime Minister Chuan Likphai who witnessed the signing announced that the agreement would lay the "strongest possible building block" for lasting regional solidarity. The joint undertaking, he said, is a crucial investment for the longterm sustainable peace and stability of the region.

Most participants at the accord-signing ceremony could not have agreed more with the prime minister and all present shared his dream of seeing the less developed and developing riparian countries being transformed into a prosperous and politically stable region that would emerge as a result of the harnessing of the vast natural resources and potential of the great Mekong River. At least, they could expect the availability of cheap electricity in abundance that would come onstream from a string of hydro-electric dams planned for the Mekong mainstream.

But a large group of environmentally conscious non-governmental organisations [NGO] which held a parallel meeting in Chiang Rai did not share the prime minister's grandiose view. Nor did they fully agree that sustainable development which was frequently referred to in the agreement could be achieved without a high price being paid in terms of displacement of rural communities, destruction of fish-stocks, flooding of low-lying farmland and forest together with the disruption of the traditional livelihood of tens of millions who live on both sides of the river.

Environmental extremists have always painted an evil picture of dams to justify their cause. But the truth is that dams are not all that bad. Most obviously, dams generate electricity to meet household demand and industrial consumption. They can prevent floods by regulating the flow of water. And they store water to irrigate farmland and for consumption in the dry season, to name just some of their advantages.

The NGOs' opposition against the damming of the Mekong River and their concern with the threats posed by these artificial barriers is not without foundation. On the contrary, past experience based on proven scientific evidence has shown that a dam, although generating electricity, also contributes to the decline or elimination of fisheries, soil salination, agricultural pollution, reservoir sedimentation and destruction of native cultures.

Against the view held by the dam-building industry and its proponents that the Mekong River's potential is largely untapped, the river has, for time immemorable, been the lifeblood of agriculture and fisheries for millions of people living in China, Burma, Thailand, Laos, Vietnam and Cambodia. In the rainy season, the river can be ferocious and wreak havoc, causing misery and death through the raw unrestrained power of its fast-flowing currents.

Despite the destructive effects, the Mekong River continues to bring life and hope to millions of people. Cruel

though its natural cycle is, outsiders may feel they have the right to curb the river's destructive power and put an end to that cycle based on their own judgement that by so doing they are acting in the future best interests of the people living along the river.

The agreement inked in Chiang Rai should serve as a first step in creating a forum of discussion for the riparian countries based on equality and a process of working towards solidarity. Mekong citizens whose livelihood is to be affected by these crucial decisions should have the right to participate in the discussion and be given access to the necessary information.

Development of the Mekong River should be done in a manner that ensures that its pristine conditions and vast natural resources are not threatened with destruction or irreparable damage. And if sustainable development is merely defined to mean damming of the river to produce electricity, then it will be a sad day for this majestic river and for those living near its banks.

Bank Governor Vows 'Prudent' Monetary Policy

BK0704102095 Bangkok BUSINESS DAY in English
7 Apr 95 p 1

[FBIS Transcribed Text] To maintain Thailand's dynamic economic growth, curb inflation, and raise investor confidence, the Bank of Thailand [BOT] will adhere to a prudent monetary policy, central bank governor Wichit Suphinit said yesterday.

Debt instruments in foreign currencies must not be issued in just one or two foreign currencies, but must be diversified, which is a good way to minimize foreign exchange risks, Mr Wichit said.

"We will not require Thai commercial banks to increase their foreign currency holdings because the present level is high enough, and any increases will only raise risks," Mr Wichit said.

Since last January Thailand has been only slightly affected by foreign exchange fluctuations. Nonetheless, Thailand's economic fundamentals have remained buoyant, as evidenced by the 35-percent surge in Thai exports in February, or at a rate more than double the 16.5 per cent increase earlier forecast. The jump in exports is a clear sign that foreign investors are now regaining confidence, and are returning to local markets, the central bank governor said. In regard to rising interest rates, Mr Wichit said this was a step in the right direction, and is an offshoot of the continuing rapid growth in the Thai economy.

Total deposits are currently falling short by 5 percent of GDP (gross domestic product), which is equivalent to 230 billion baht. The shortfall in domestic savings has prompted local financial institutions to issue debt instruments in foreign currencies.

This led to major problems during the recent foreign exchange fluctuations precipitated by the falling US

dollar. Credit extensions are also being closely monitored, as a means of putting a lid on inflation.

"If credit extension is in line with the country's deposits, it stands to reason that the Thai economy would be more stable than it is, and government policies would be more effective," the central bank governor said.

Monetary policy is currently aimed at strengthening the financial system in an effort to help restore investor confidence, Mr Wichit said.

The BOT governor urged that Thai commercial banks exercise greater caution in liquidity management. Any plans to increase capitalization must be made over the long term, he said. The central bank is trying to ensure that capital inflows are invested in important economic sectors, Mr Wichit said.

Alien Business Law Completed for Consideration

BK0704115895 Bangkok SIAM POST in Thai 5 Apr 95 p 27

[FBIS Translated Text] Surakiat Sathianthai, dean of the Law Faculty of Chulalongkorn University and member of the Alien Business Law Drafting Committee, told reporters about the progress of the drafting of the Alien Business Law, which will replace the Revolutionary Council Announcement Number 281. He said that the committee will submit the draft bill to the Council of Economic Ministers on 10 April for consideration—the meeting has been postponed from 3 April.

The draft of the Alien Business Law classifies businesses in two categories. The Revolutionary Council Announcement Number 281 has three categories—businesses reserved for Thai citizens, businesses foreigners are allowed to enter as joint ventures, and businesses reserved for Thai citizens that can be opened to foreigners under certain conditions if Thailand is ready.

The new draft bill will be more concise and clear. The first category is the businesses reserved only for Thai citizens. The second category covers professional businesses, such as architecture, accountancy, medical professions, and law. These businesses will be given temporary protection for two years for preparations, and this can be extended for another two years if Thailand is still not ready for liberalization.

The construction business is not included in the two categories of the draft bill. That means the business is 100 percent opened up for foreigners. There will be no great impact because at present there are many foreign companies doing business in joint ventures with Thai firms. However, liberalization of the construction business will allow the people to identify the nationalities of those companies.

The dean of the Law Faculty added that we should discuss measures to help Thai nationals when liberalization is introduced. Thai people can compete with foreigners in technology and skills. However, Thai companies will have a problem with financial sources. Foreign

companies will have lower costs since they receive financial support from their parent companies or governments. The Thai Government should have measures to retaliate price cutting. The government should also support liberalization of the money market.

Vietnam

Do Muoi To Visit South Korea, Japan 11-21 Apr

BK0604155595 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 6 Apr 95

[FBIS Translated Text] In a regular international press conference held in this afternoon, our Foreign Ministry spokesperson answered a question from a REUTER correspondent about the visit to ROK and Japan by General Secretary Do Muoi as follows:

Accepting the invitation of Kim Yong-sam, ROK president and chairman of the Liberty Democratic Party, and the ROK Government, and one from the Japanese Government, General Secretary Do Muoi will pay an official visit to the ROK from 11 to 15 April and to Japan from 17 to 21 April.

This is the first official visit of the general secretary, the highest Vietnamese leader, to ROK and Japan. During this visit, General Secretary Do Muoi will hold meetings with ROK and Japanese leaders to exchange views and discuss directions for the strengthening and acceleration of long-term friendship and cooperation relations, specially in the fields of economy, commerce, investment, and science and technology between our countries with these countries and at the same time, to exchange views on international and regional issues of mutual concern.

In Japan, General Secretary Do Muoi will pay a courtesy visit to the Japanese emperor. In the ROK and Japan, the comrade general secretary will have wide contacts with politicians and representatives of big corporations; attend seminars on economic and investment cooperation between Vietnam and the ROK and Japan; and visit some modern industrial establishments. It is predicted that some agreements will be signed on this occasion.

Our spokesperson also gave information about some foreign relations activities in the coming period and answered many questions from reporters.

PRC-SRV Group Meets Over Tonkin Gulf Issue

BK0604160095 Hanoi Voice of Vietnam in English 1000 GMT 6 Apr 95

[FBIS Transcribed Text] Boundaries in Tonkin Gulf have again been formally discussed between China and Vietnam.

The fourth meeting of the Sino-Vietnamese joint working group for the delineation of Bac Bo or Tonkin Gulf was held in Beijing. The meeting took place in furtherance of the agreement on fundamental principles to settle problems relating to the issue on land and on the

sea between Vietnam and China. The minutes of the meeting was signed on 31 March.

The same day, the Chinese foreign minister, Tang Jiaxuan [title as heard], received the whole working group. The two sides agreed to hold the fifth session in Hanoi this June.

Vatican Delegation Concludes Visit 3 Apr

*BK0504161495 Hanoi Voice of Vietnam in English
1000 GMT 5 Apr 95*

[FBIS Translated Text] A delegation of the Vatican led by its deputy foreign minister, Mr. Claudio Celli, left Vietnam on Monday [3 April], concluding a nine-day working visit.

While here, the Vatican delegation had a working session with the delegation of the Vietnamese Government Commission for Religious Affairs. The talks were described as being frank but with mutual respect.

The Vatican delegation was received by Deputy Foreign Minister Nguyen Di Nien, called on the People's Committee of Hanoi, made a tour of Dalat Diocese in the Central Highlands province of Lam Dong, called on the People's Committee of Lam Dong, and attended masses held in the municipal churches in Hanoi and Dalat.

Visiting Australians Seek Amnesty for Dissident

*BK0604155795 Melbourne Radio Australia in English
0630 GMT 6 Apr 95*

[From the "International Report" program]

[FBIS Transcribed Text] A delegation of Australian parliamentarians visiting Vietnam has asked the government in Hanoi to grant an amnesty to one of the country's best known political dissidents. The delegation led by Labor Senator Stephen Loosley sought the amnesty for pro-democracy activist Professor Duong Van Hoat to coincide with the 20th anniversary of the end of the Vietnam war. A visit by a parliamentary delegation was canceled last year after Vietnam denied a visa to a Vietnamese Australian member who said human rights would be its main issue. Christopher Kremmer reports from Hanoi the reconstituted parliamentary team spent its first day in Vietnam in a series of meetings with government ministers and officials in which a wide range of human rights issues were raised.

[Begin recording] [Kremmer] By their own admission the Australian MP's including opposition foreign affairs spokesman, Alexander Downer, are not here to investigate Vietnam's human rights record. They are here to talk. The ball that cast the dialogue has been straightforward. [sentence as heard] [Here is] delegation leader Senator Stephen Loosley.

[Loosley] We have very frank exchanges. Certainly, there wasn't always broad agreement to our differences. There's not a question about that.

[Kremmer] Day one was spent in meetings with the vice ministers of foreign affairs, interior, and justice. On the day the delegation arrived, Hanoi announced it would free up to 4,000 prisoners this year to mark two national holidays including the 20th anniversary of the end of the Vietnam war. Senator Loosley says prominent dissidents should be among those released.

[Loosley] Given that the president has announced a period of amnesty we put to people at various levels that a number of prominent dissidents ought to be considered for amnesty. People such as Prof. Hoat, Dr. Ky, and others who have achieved a certain prominence of recent times, and we look to the Vietnamese authorities for a response. [sentence as heard]

[Kremmer] When Saigon fell, Prof. Hoat was an American trade administrator at the city's Buddhist University. He did 12 years in reeducation camp, and upon his release in 1989 produced four mimeograph newsletters advocating political pluralism and freedom of speech. Condemned as a reactionary, he was sentenced to up to 20 years in prison. His family fears the conditions under which he is being held are life-threatening. After the cancellation of last year's mission, Senator Loosley might have been expected to tread softly on such issues. But, he says human rights are on the agenda.

[Loosley] That's part of the formula. There's not a question about that within a political, cultural, and social context. And we are looking at different circumstances and different questions relating to some attrition of the Catholic Church in Vietnamese society, the different Buddhist churches, looking at the resettlement of refugees, looking at the status of minorities, and so on, looking at how the political process approach, and how Australia and Vietnam interrelate.

[Kremmer] The delegation has requested meetings not just with Vietnam's official Buddhist church but also with the dissident United Buddhist Congregation. They've also asked to visit ethnic minority areas in jails and to meet Cardinal Pham Dinh Tung of Vietnam's Roman Catholic Church. Caught between a skeptical Australian Vietnamese community, and a sensitive communist government, the group is trying to bridge the gap.

[Loosley] Certainly, there have been issues pushed by the Vietnamese Australian community and they are entitled to do that. But overall we have taken the view that the delegation having arrived in Vietnam is an achievement of its own. It's the first of its kind, a parliamentary consultative delegation from Australia. Other countries have wanted to do this but Australia has actually been able to achieve it. [end recording]

Finance Minister Attends Banking Conference

BK0704012695 Hanoi VNA in English 1241 GMT 6 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 6—Vietnam's Finance Minister Mr. Ho Te has attended a

two-day conference on banking and finance in Indochina and Myanmar [Burma] organised by a Euro-money company subsidiary, the AIC Conferences, in Bangkok, Thailand. Minister Ho Te provided the participants in the March 30-31 conference with Vietnam's policies on economic renovation, finance and monetary issues, and its preferences to foreign organizations to conduct businesses in Vietnam. He also dealt with Vietnam's ongoing process to renovate tax policies, tax priorities and administrative procedures to facilitate foreign investment and business in Vietnam.

Foreign participants showed interest in Vietnam's legal environment and its economic and financial regulations as in their opinions Vietnam was a potential developer in the Asian region.

Hanoi To Issue Bonds on International Market

BK0504150395 Hanoi VIETNAM ECONOMIC TIMES in English Mar 95 p 4

[Unattributed article: "Vietnam Expects To Issue Bonds in June"]

[FBIS Transcribed Text] A first batch of Vietnamese government bonds worth \$150 million are expected to be issued on international markets from next June, starting in Asian markets. State Bank Governor Cao Si Kiem has said.

The government had authorized the Finance Ministry to issue the equivalent of \$100 million in bonds. "They expect to start in June," he said. "The State Bank of Vietnam also plans to make a pilot issuance of bonds in the international market, with the expected amount of \$50 million," Kiem said.

Vietnam's expected ASEAN membership in July, its plans to launch a capital markets authority and a pilot "stock exchange centre" (a prelude to the fully-fledged bourse), as well as its award of branch licences to 18 foreign banks over the past three years have all boosted the country's profile abroad.

However, industry sources say Vietnam has yet to decide to try and secure an international credit rating for the country before it issues any bonds. If it does, they say, a bond would not be possible until well into the second half of this year or even new year.

Nomura, Merrill Lynch and Deutsche Bank are vying for underwriting, arranging and advisory roles for any such issue. If launched in June, the issue would be made first in regional markets such as Hong Kong, Taiwan and South Korea, and might be issued later in Europe and North America, Kiem said.

Hanoi To Reduce Commercial Loans by \$250 Million

BK0504151495 Hanoi VIETNAM ECONOMIC TIMES in English Mar 95 p 4

[Unattributed article: "Vietnam To Curb Borrowing, Increase Domestic Credit"]

[FBIS Transcribed Text] Vietnam plans to reduce commercial loans from external sources to \$250 million during 1995, Kiem told THOI BAO KINH TE VIET NAM.

He said this was one of Vietnam's objectives after its loan agreement with the IMF last November. Other objectives agreed with the IMF included a 20.3 percent increase in domestic credit, no increase in net banking loans to the government and an increase in \$100 million in Vietnam's international reserves, State Bank Governor Kiem said.

Foreign exchange reserves at the end of 1994 were about \$500 million, according to estimates by foreign commercial banks.

In 1994, the only publicised commercial loan, \$100 million, was made by a syndicate of foreign banks to the State Bank last June, although there has been no public announcement yet that the loan has been fully drawn down.

Most of Vietnam's external financing comes from concessional credits by the IMF, World Bank and Asian Development Bank, bilateral aid from governments and foreign direct investment.

New Law Criticized for Affect on Joint Ventures

BK0704025195 Ho Chi Minh City THOI BAO KINH TE SAIGON in Vietnamese 16-22 Mar 95 p 2

[Editorial: "A Difficult Period for Investment Cooperation"]

[FBIS Translated Text] It is a tradition that when Western and Japanese businessmen want to invest in a country, they pay first attention to the stability, uniformity, and consistency of the legal system of that country. It is said that the legal system is a fundamental foundation for carrying out economic activities.

For this reason, during the past several years, Vietnam has tried its best to perfect the legal system in this direction and has attained remarkable achievements.

Regrettably, in the land domain, the situation has not developed satisfactorily. In 1994 and the first months this year, the government issued a series of decrees, circulars, and directives with ambiguous and contradictory contents that cancelled each other out. As a result, officials at the lower level who enforce the laws, on many occasions did not know how to correctly implement them.

It is necessary for us to pay special attention to this situation because it has a great effect on the decisions of foreign investors. One of the most controversial issues is decree No. 18, which says that, as from 1 January 1995, land previously allocated to Vietnamese business establishments for production will be changed to the status of leasing land. In case these establishments want to use the land to engage in joint ventures with foreign countries,

they must pay to or owe the state the land leasing fees throughout the period of their joint ventures, with the same rate as applied to foreign investors.

In the recent past, foreign investors wanted to enter into joint ventures with Vietnamese companies because the latter had been allocated land by the state to do business on a long-term basis. The Vietnamese companies even used their land as an asset to share investment capital with foreign investors. Now, if these Vietnamese companies must lease the land for their business, then foreign investors will not be obliged to enter into joint ventures with the former because they can lease the land themselves, which is more convenient and advantageous. It is more convenient because they can invest a-100 percent capital and manage their own investment. It is more advantageous because in the past they had to pay in advance the land leasing fees throughout the period of their joint ventures with the Vietnamese companies—which in most cases were considered as a contribution of capital to the joint ventures—now they are required to pay the land lease only every six months; thus, they can save a lot of investment capital while refraining from sharing profits with Vietnamese companies.

People are concerned that there will be a difficult period in the near future for Vietnamese businessmen negotiating joint ventures with foreign investors. This is because the Vietnamese have lost their very important trump card: the land.

Under these circumstances, how can Vietnamese companies increase their capital for various joint ventures as advocated?

Accord on Lower Mekong Basin Cooperation Signed

BK0704012795 Hanoi VNA in English 1435 GMT 6 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 6—An agreement on the cooperation for the sustainable development of the Mekong River basin was signed in Chiang Rai, Thailand, yesterday.

Signatories were Vietnamese Foreign Minister Nguyen Manh Cam, Thai Foreign Minister Krasae Channawong, Lao Foreign Minister Somsavat Lengsavat and Cambodian Public Works and Transport Minister Ing Kiet.

Addressing the ceremony, Mr. Cam noted that the signing of the agreement would usher in a bright future for the multi-faceted cooperation among countries bordering the lower Mekong River in exploiting and making the most use of water and natural resources in the Mekong River Basin. 'The signing of the agreement' he continued 'has contributed to the maintenance of peace, stability and cooperation in the region'.

The Vietnamese chief diplomat expressed his belief that with goodwill and mutual trust together with the international community's assistance and support, their

cooperation would achieve greater success with a view to meeting the requirements on socio-economic development in each country and in the whole sub-region. He affirmed Vietnam's commitment to respect for all provisions of the agreement, and said that Vietnam would do all it can to promote their cooperation on the basis of equality and respect for sovereignty and each country's benefits.

Circular on Industrial Property Rights Issued

BK0704012395 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 4 Apr 95

[FBIS Translated Text] The Ministry of Commerce recently issued a circular asking various ministries, sectors, and provincial and city people's committees to have their subordinate production and business establishments comply with state stipulations and international conventions on industrial property rights.

The circular also said: Lately a number of Vietnamese enterprises have violated industrial property rights such as manufacturing goods under foreign brand names without any permission from the owners of the companies concerned and allowing themselves to be exploited by certain foreign companies to illegally manufacture goods under foreign brand names.

VPC To Sell Electricity to Laos, Cambodia

BK0504115195 Hanoi VIETNAM INVESTMENT REVIEW in English 20 Mar 95 p 26

[Unattributed article: "Power shortage plugged"]

[FBIS Transcribed Text] Vietnam's Power Corporation (VPC) recently reached an agreement with the Power Company of Laos to sell electricity to three Laotian provinces.

The two parties agreed on technical terms to first design a power line from Vietnam to Huaphan province. Khanmun and Sumanakhet provinces will hook into the power line at a later date.

It may take at least 12 months to complete the construction, according to a source at VPC. The electricity will be sold at an estimated US\$0.06 per kWh over the next 15 years.

At present the Vietnam Power Corporation is compiling a technical and financial plan for approval by Laotian authorities, the source said.

Vietnam is also planning to sell power to Cambodia, though officials admit that Vietnam's domestic supply remains low. A pre-feasibility study is being discussed to run power to Phnom Penh, which now faces serious shortages of power.

Electricity, once sporadic and rare, now reportedly surges steadily into more and more northern Vietnamese homes, urban and rural alike, according to a recent report.

In the Red River Delta, 98 per cent of the 1710 communes currently receive electricity, according to data from the General Department of Statistics. Only 33 communes located in the area's most remote mountains and islands remain devoid of electricity.

At the top of the list are Thai Binh and Nam Ha provinces which claim that 99.9 and 99.6 per cent of their communes are graced with electricity.

However, only 89 per cent of the number of individual households in communes with electricity utilise power in the home. The reason for this is that some poor rural families consider the cost for electricity (VND600 per kWh) as still too expensive, the report states.

Vo Van Kiet To Decide on Gas Supply in April

BK0704113995 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 6 Apr 95

[FBIS Translated Text] The government office recently issued a circular announcing the prime minister's view of the plan to supply gas from offshore oil fields to power plants.

According to the circular, the government has ordered the Vietnam Oil and Gas General Corporation in conjunction with the State Planning Committee, State Bank, and the ministries of finance and construction to work out uniform plans to speed up the transportation of gas onshore to the power plants in late 1996 or early 1997. The prime minister will assess the plans and make an official decision at the end of April.

Coal Industry Expects \$54.5 Million Investment

BK0504110395 Hanoi VIETNAM INVESTMENT REVIEW in English 20 Mar 95 p 26

[Article by Hai Nam: "Prime Minister approves master-plan for coal"]

[FBIS Transcribed Text] Prime Minister Vo Van Kiet recently approved a draft masterplan for the coal industry through the year 2000.

Coal production is expected to increase from 6.3 million tonnes in 1995 to 8.5 million tonnes by the end of the century. Production last year stood at 6.1 million tonnes.

Vinacoal expects to export 2.5 million tonnes of coal this year, nearly double last year's total.

The industry expects to see average annual investment of around VND600 billion per year (US\$54.5 million). This is to come from the usual local and foreign sources.

The plan calls for the Ministry of Energy to instruct Vietnam's Coal Corporation (Vinacoal) to design projects with environmental protection in mind.

Domestic coal prices will depend on the local markets but gradually integrate with regional and then international prices.

Export prices are not directly market based but are decided by the Ministry of Energy and reported to the Ministry of Trade and General Customs Department.

Figures for Crude Oil Pumped in First Quarter

BK0704012195 Hanoi VNA in English 1241 GMT 6 Apr 95

[FBIS Transcribed Text] Hanoi VNA April 6—Vietnam has since early this year exploited two million tonnes of crude oil, a record in three months' output to date.

The crude was pumped from about one hundred wells at three main off-shore oil deposits: Bach Ho, Rong, and Dai Hung.

VietSovPetro (a joint venture between Vietnam and Russia) remains the strongest oil producer in the country with a total output in the first quarter of more than 1.6 million tonnes of crude. The venture, which has essentially operated at the Bach Ho and Rong oil fields, is expected to obtain at least 6.5 million tonnes this year.

2d Turbine of Thap Mo Power Plant in Operation

BK0504051395 Hanoi Voice of Vietnam in English 1000 GMT 4 Apr 95

[FBIS Transcribed Text] The construction of the second turbine of the Thap Mo Hydroelectric Power Plant has finally been completed and has begun trial operation. It is expected to begin providing electricity by the 1994-95 dry season. The turbine, now in operation, is connected to the national power grid and will be a major electricity force for the southern part of the country.

Vo Van Kiet Views Administrative Reform

BK0704035095 Hanoi NHAN DAN in Vietnamese 21 Mar 95 pp 1, 3

[Interview with Prime Minister Vo Van Kiet by unidentified NHAN DAN correspondent; place and date not given]

[FBIS Translated Text] [NHAN DAN] Mr. Prime Minister, together with other party Central Committee and Political Bureau Resolutions, the party Central Committee Eighth Plenum Resolution is part of our very important efforts to effect political reform to quickly and steadily boost socioeconomic development based on socialist orientations. Cadres, party members, and the people are enthusiastically looking forward to the practical application of this resolution to real life situations. We want to know about the focus of our party and state efforts to build and perfect the state.

[Vo Van Kiet] The party Central Committee Eighth Plenum Resolution set forth five interrelated tasks aimed at building and perfecting the law-governed Vietnamese state as follows: First, continued efforts must be made to renovate the organization and activities of the National Assembly; second, steps must be taken to

further improve state administrative procedures; third, efforts must be made to renovate the operations of judiciary organs; fourth, it is important to develop the people's right of mastery; and fifth, it is necessary to renovate and strengthen the party's leadership over the state.

The focus of the aforementioned five tasks rests with efforts to further improve the state administrative system in the three interrelated domains, namely, the regulations governing the administrative system, the organization and operating procedures of administrative organs at all levels, and the contingent of civil servants in charge of public service. Though different approaches can be followed, concerted efforts must be made to improve the quality of the aforementioned three areas to meet all state management requirements in the new situation.

[NHAN DAN] How come the administrative reform program plays a dominant role in consolidating the state? Is it true that, besides having strong points, our administrative system also displays many shortcomings?

[Vo Van Kiet] Despite the fact that it has made progress and greatly contributed to the past achievements of the renovation undertaking, our state administrative system still abounds with many shortcomings. Therefore, efforts must be made to renovate and revamp the administrative system to purify it and enable it to fulfill its role as an instrument to carry out state management in the new stage of development. The reason for the need for greater efforts to renovate the state administrative procedures is that, as far as the state organization is concerned, the administrative system directly affects the handling of all aspects of social life through legal procedures and helps apply party policies and lines to real life situations. Furthermore, it has a direct impact on the people's daily activities and businesses, and plays a positive role in upholding the people's right of mastery, consolidating the strength of the state, and promoting the party's leadership role. The capabilities and work efficiency of the state administrative system constitute the most important instrument for implementing the party-initiated renovation line. Moreover, the acceleration of the administrative reform program stimulates efforts to renovate and perfect the other components of the state machinery.

[NHAN DAN] It is true that our people are very afraid of haughty and corrupt "revolutionary mandarins" who distance themselves from the masses. Nonetheless, the existence of a bulky and multitiered apparatus, the lack of respect for state law and discipline, and bribery and smuggling also stand in the way of renovation and cause the masses to lose faith in the party and state. It is very difficult to effect changes for the better on the aforementioned fronts. Well, what are the concepts that need to be thoroughly understood and applied to the administrative reform program?

[Vo Van Kiet] As you have already mentioned, it is very difficult and complicated to overcome the negative phenomena in the state administrative system. This state of affairs constitutes a great challenge for the role and efficiency of the state in managing the market economy according to socialist orientations. It is necessary to fully understand the following four major guidelines for carrying out the state administrative reform program.

First, we should attach the task of reforming the state administration to the rectification of the party and the renovation of the political system. The contents of the reforms should reflect the organic unity between the characteristics of class and the national and popular characteristics of a state which is to the people, by the people, and for the people under the leadership of the party.

Second, the administration should be a democratic one serving the interests of the people as well as maintaining social order and discipline within the legal framework. It is necessary to understand thoroughly and carry out correctly the teaching of Uncle Ho: "All government agencies from the nationwide level to villages are servants of the people, to shoulder the public burden for the people and not to coerce them."

Third, it should serve effectively and help accelerate the national renovation and development undertaking in the direction of industrialization and be useful to all facets of social life, with the core task being to strengthen the macro-management of the economy, thus bringing all economic activities into order in a law-abiding manner.

Fourth, the reforms should actually arise from the demand of development and practical conditions, and their implementation should bring feasible results that influence all other social life facets as well as the people's life.

[NHAN DAN] As head of the government, which executes state authority at top level, which urgent areas in the state administration do you intend to reform first, and in 1995, in which areas can the people expect to enjoy "reduced inconvenience"?

[Vo Van Kiet] This year we will focus our efforts on effective reform of administrative procedures to reduce the inconvenience for the people and businessmen in seven major areas: budget allocation for investment capital; land allotment and construction permits; imports and exports; foreign investment; business establishment and registration; entry and exit permits; and public relations and the handling of people's complaints.

The handling of people's complaints and disputes will also improve with the introduction of new regulations to settle disputes, especially in land and housing areas, and the establishment of administration courts.

A public service policy and a public employee statute are about to be promulgated, and they will renovate the state management function in accordance with the market

economy mechanism. The structures of government and administrations at all levels will be adjusted in parallel with the new operation statute, which clearly determines the responsibility of each administration agency.

While renovating the structure and statute of the state mechanism, we will also resolutely strengthen law enforcement and law compliance, maintain social order and discipline, tighten discipline within the state mechanism, and handle strictly and justly all breaches of the law without any exceptions. The universal strength of the administration, the mass organizations, the press, and the people will be mobilized to deal with current hot points: Corruption, smuggling, illegal trading, land encroachment and illegal land transfer and transactions, public transport order, social vices, and suppression of bad elements.

Naturally all these tasks cannot be completed in one year. However, in 1995, we should bring about profound changes that will serve as a momentum for our next steps in building a pure and steadfast administration that works well for the improvement of the people's life and the development of the country.

[NHAN DAN] Prime Minister, a sincere thank you.

Shipbuilding Chief Discusses Prospects

BK0704050395 Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Mar 95 p 3

[Interview with Nguyen Huu Vuong, director general of Vietnam Union of Shipbuilding Enterprises, by correspondent Xuan Minh—place and date not given]

[FBIS Translated Text] [QUAN DOI NHAN DAN] In our country's renovation undertaking, what is the position of the shipbuilding industry? What is its condition?

[Nguyen Huu Vuong] It is widely known that Vietnam has great potential in maritime transportation with a coastline of 3,200 kilometers [as published] and hundreds of rivers in all parts of the country. Moreover, it has a continental shelf of millions of square kilometers containing huge quantities of natural resources in oil and gas, minerals, and aquatic products. In just several years of the renovation undertaking, the marine economy contributed about 30-50 percent of the country's total exports. Our country is, and will remain, a maritime one, and the marine economy with its strategic roles, together with the national defense task, plays an important role in the process of industrialization and modernization toward the objectives of a prosperous, powerful, and civilized country.

The shipbuilding industry, therefore, has an important place in the renovation undertaking. We need to have a strong and modernized commercial fleet as well as an appropriate service fleet, and the main responsibility of supplying these rests with the local shipbuilding sector. It is impossible to rely on foreign shipbuilding industries because of the shortage of funds, and in any case, we

have a strong potential in shipbuilding. With proper investment and attention, we are quite capable of advancing to the higher shipbuilding level of other countries in the region.

The main concern of people with responsibility in the marine economy, however, is that the shipbuilding industry in our country is still riddled with countless difficulties. The industry started from a very low level in both management, capital, and technology. So far, the shipbuilding and repair industry has over 20 establishments at both central and local levels currently managed by 10 ministries, sectors, and localities. In term of organization, the industry lacks cohesiveness. Most of the shipbuilding establishments suffer shortages of funds, do not have enough work, and have so far only reached about 20-30 percent of their capacity. The major force of the industry, the Vietnam Union of Shipbuilding Enterprises, has specialized expertise; over 6,000 cadres and workers, including over 1,000 cadres with tertiary education or higher; six shipbuilding plants; five companies; a research and design institute; and an annual turnover of over 200 billion dong. With all its might, the union has only utilized about 30-40 percent of its capacity.

Moreover, the technical facilities of the shipbuilding establishments are minimal and backward, with most of their platform design and technical equipment being that of the 1960's or 1970's. Investment for the sector only constituted 0.1 percent of the total investment for the transport sector. Foreign investment is hard to attract because of the large capital required and slow returns which discourage foreign investors. The state has yet to create effective policies on capital loans, subsidies, encouragement for the domestic ship building and repair industry, and so forth.

[QUAN DOI NHAN DAN] Which direction do you think Vietnam's shipbuilding industry should take?

[Nguyen Huu Vuong] Given the current state of the Vietnam shipbuilding industry, we have discussed and agreed on some major orientations for the industry as follows:

Primarily, the state should have tangible policies to support the development of the shipbuilding industry in terms of capital, taxation, import-export, prices, science and technology, and training. Experience learned through countries in the region such as Japan, South Korea, Singapore, Thailand, and Indonesia shows that in the first stage of industrialization and modernization of the industry, the state should support the industry with a 15-year strategic plan, which could be divided into three periods. The first period lasts five years, when the state helps with investment capital; in the second period the state revokes part of the assistance; and in the third period the industry is left to compete in the market on its own feet.

Additionally, the industry nationwide needs comprehensive restructuring. We need to revise the division of work

between plants specializing in building and repairing ships, civil and military alike. We should quickly reorganize and upgrade major shipbuilding establishments to respond to the urgent modernization demand of building new container and other specialized ships as well as repairing ships. In the Haiphong-Quang Ninh region, the Bach Dang and Ha Long plants have the capacity to build 10,000dwt [deadweight] ships and repair 20,000dwt ships. Pha Rung can repair 15,000dwt ships. Ben Kien Shipbuilding Plant builds and repairs ships of up to 3,000dwt. In the Ho Chi Minh City-Vung Tau region, Hiep An can repair 20,000dwt ships, the Seventy-Sixth Plant can repair 10,000dwt ships, and so forth. We should build new plants that can build 50,000dwt ships and repair ships of up to 300,000dwt in the Vung Tau and Dung Quat areas, which international commercial and oil and gas ships usually frequent.

[QUAN DOI NHAN DAN] It is known that plants and other establishments of the ship building and repair sector have begun to be fundamentally restructured. What is the situation so far?

[Nguyen Huu Vuong] After a period of actual operations, we realized that our functions and division of duties did not correspond to the demands of the market. Some of our functions either overlapped or were overstretched, especially in areas of import and export, research, design, competition in seeking customers, and so forth, thus weakening the shipbuilding industry. Therefore, the state, and the Ministry of Communications and Transportation in particular, had to overhaul the industry to make it fit for the market economy with the regulatory role of the state following the path of socialism.

On the other hand, due to the strategic demand of the marine economy and requirement of national security and defense, there should be a shipbuilding general corporation of significant size that can rally the strength and potential of the industry in implementing a shipbuilding plan to the year 2000. The shipbuilding plan should also accommodate a development plan for fleets in specialized sectors such as oil tankers, container ships, and so forth.

Success in these steps will be an important contribution to the industrialization and modernization of Vietnam's shipbuilding industry.

[QUAN DOI NHAN DAN] Thank you, comrade.

National Assembly Issues Communique No. 7

BK0704015695 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 6 Apr 95

[FBIS Translated Text] On 6 April, the National Assembly continued debate on the draft civil code at the

Conference Hall under the direction of National Assembly Vice Chairman Phung Van Tuu.

Thirty-six deputies expressed their views: Le Quang Dao and Vu Duc Hien of Hanoi, Bui Duc Luan of Haiphong, Tran Viet Bien of Tay Ninh, Hoang Thua of Ha Giang, Vuong Tan De of Vinh Long, Lam Phuc Co of Yen Bai, Trinh Xuan Mao of Thanh Hoa, Ha Xuan Chinh of Hai Hung, Hoang Minh Thang and Mai Thuc Lan of Quang Nam-Da Nang, Mua Thi My of Lai Chau, Ban Tien Dung of Quang Ninh, Pham Quang Du and Nguyen Tan Phat of Ho Chi Minh City, Phan Thi Tien of Dong Thap, Dinh Van The and Huu Tho of Vinh Phu, Le Duc Binh of Ninh Binh, Tang Nghia and Trinh Hong Duong of Ha Tinh, So Lay Tang of Kon Tum, Ma Dien Co of Binh Thuan, Pham Thi Son of Ba Ria-Vung Tau, Au Van Hanh of Tuyen Quang, Tran Ha Anh of Lam Dong, Tran Anh Kiet of Quang Ngai, Le Thi Ky of Nghe An, Nguyen Viet Dung of Ha Bac, Vu Minh Mao of Thai Binh, Nguyen Xuan Xinh of Can Tho, Dang Khoi of Nam Ha, Le Thi Thu Ba of Dong Nai, Danh Ut of Kien Giang, Phan Minh Thanh of Tien Giang, and Le Thi Tot of Tra Vinh.

The National Assembly deputies' opinions focussed on such issues as the scope and contents of the civil code; the subject of civilian legal relations; and the issue of ownership, which includes state ownership, ownership of political and social organizations, collective ownership, and individual ownership.

Tomorrow, 7 April, the National Assembly will continue debate on the draft civil code at the Conference Hall.

Provincial Court Sentences Tax Officials

BK0504104795 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Apr 95

[FBIS Translated Text] With the power vested in it by the People's Supreme Court, the Lang Son Province People's Court held a preliminary criminal court session from 27 March to 1 April in the district capital of Lang Son to publicly try the second Dong Banh case, which has dragged on for two years and involves many defendants holding various positions.

The Dong Banh incident was split into two separate cases. The first Dong Banh case was tried by the Lang Son Province People's Court on 14 April 1994. The second Dong Banh case involves 11 defendants. Hoang Van Thoai, a cadre in charge of the Dong Banh tax collection station, has fled and is being tracked down. Pham Thu Ha, who worked as a cashier and nurse in the Dong Banh tax collection station, will be tried later. Pham Van Hung, deputy chief of the Inspection Section under the Lang Son Province Tax Department, committed suicide in detention camp. Luong Van Quyet, former chief of the Lang Son Province Tax Department, was determined to be sick by a court physician and will be tried later.

Thousands of people in the district capital of Lang Son converged on Tran Hung Dao and Nguyen Thai Hoc Streets to follow the court session for six consecutive days through a loudspeaker system. Ten members of the Hanoi and Hai Phong Bar Associations acted as defense lawyers.

Investigations show that the defendants resorted to the tricks of collecting money and issuing receipts showing lesser amounts, collecting money without issuing receipts, and making agreements with goods owners under which the latter paid taxes far below the amount due and then gave tea money to the collectors. Furthermore, violations by traders who brought in goods for sale from afar without commercial licenses and incidents involving vehicles that carried bulky or overweight items were all fined as petty offenses and no receipts were issued. The money was kept in the same tax box. When the shift ended, everyone helped count the money, which was subsequently deducted from the total amount of the receipts. The balance, which they called extra money, was divided among all members of the shift and the shift supervisor.

By making use of such sophisticated and cynical maneuvers, the defendants misappropriated more than 2 billion dong in taxes from the state budget, bribed local leading Tax Department officials, and caused very serious consequences.

After a five-day trial and one day of deliberation, the jury issued the following verdicts against the defendants:

- Ngo Ngoc Tu, deputy chief of the Lang Son Province Tax Department, was sentenced to three years in prison for his deliberate attempts to act at variance with state economic management regulations, thus causing serious consequences. He was also sentenced to life in prison for taking bribes. The overall punishment was life imprisonment.
- The other ten defendants received prison sentences of three to 30 years.
- The jury also decided to recover 67-670 million dong from the defendants and fine them 15-50 million dong.

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